

DRAFT ANNUAL BUDGET
OF
**ELIAS MOTSOLEDI
LOCAL MUNICIPALITY**



2014/15 TO 2016/17
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

ANNUAL BUDGET RELATED RESOLUTIONS

1. Council resolves that the draft budget of Elias Motsoaledi Local Municipality for the financial year 2014/15, with three year audited actual and the two projected outer years 2015/16 and 2016/17 be approved in the following schedules:
 - 1.1 Budgeted summary on table A1;
 - 1.2 Budgeted financial performance (revenue and expenditure by classification reflected on table A2;
 - 1.3 Budgeted financial performance (revenue and expenditure by municipal vote reflected on table A3;
 - 1.4 Budgeted financial performance (revenue source and expenditure by type reflected on table A4;
 - 1.5 Budgeted capital budget by vote, standard classification and funding as reflected on table A5;
 - 1.6 Budgeted financial position as reflected on table A6;
 - 1.7 Measurable performance objective for revenue source as per Cash flow table A7;
 - 1.8 Cash back reserve/ accumulated surplus reconciliation on A8;
 - 1.9 Asset management as reflected on table A9; and
 - 1.10 The basic service delivery measurement on table A10;
2. Council resolves that property rates be approved for the budget year 2014/15.
3. Council resolves that the tariffs policy be adopted for public participation and the following tariff and charges reflected on the listed pages be approved for the draft budget 2014/15 financial year
 - Electricity
 - Refuse removal
 - Basic charges
 - Sundry tariffs
4. Council resolve to adopt the amended draft Integrated Development Plan (IDP).
5. Council notes that the SDBIP submission and approval of the SDBIP will be dealt with in accordance with sections 69(3)(a) and 53(1)(c)(ii) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

PART 1- DRAFT ANNUAL BUDGET

1.1 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Section 17 of Municipal Finance Management Act (MFMA) requires the municipality to prepare an annual budget in the prescribed format.

National Treasury's MFMA circular number 70 and 72 have been used as guidance for the compilation of the 2014/15 MTREF.

Table 1 Consolidated Overview of the 2014/15 MTREF

Description	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Total Revenue	336,626,900	399,724,877	404,942,080
Less: Transfers recognised capital	51,140,000	61,901,000	56,245,000
Total Operating Revenue	285,486,900	337,823,877	348,697,080
Total Operating Expenditure	302,497,603	319,211,712	336,775,464
Less: Depreciation and impairment of assets	35,000,000	36,890,000	38,882,060
Less: Debt Impairment	3,000,000	3,162,000	3,332,748
Total Net Operating Expenditure	264,497,603	279,159,712	294,560,656
Surplus/(Deficit)	20,989,297	58,664,165	54,136,424
Total Capital Expenditure	72,090,000	96,224,715	90,589,103
Grants Funding	51,140,000	61,901,000	56,245,000
Own Funding	20,950,000	34,323,715	34,344,103

Total operating revenue has grown by 10.76% or R32.7 million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by 18.74% and 1.31% respectively, equating to a total revenue growth of R68, 315million over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2014/15 financial year has been appropriated at R302,647 million and translates into a budgeted surplus of R34,129 million. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by 3,44% in the 2014/15 budget and by 5,47% and 5,50% for each of the respective outer years of the MTREF. The operating surplus for 2015/16 financial year steadily increases to R80,513 million and then

'decreases to R68,166 million in 2016/17 financial year. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R72,090 million for 2014/15 is 0,35% more when compared to the 2013/14 Adjustment Budget. The capital programme increases to R96,225 million in the 2015/16 financial year and to R90,589 million in the 2016/17 financial year. A substantial portion of the capital budget will be funded from Municipal Infrastructure Grant (MIG) and the funding will be R50,840 million representing 70,52% of the total capital expenditure during the 2014/15 financial year and R53,601 million and R56,945 million respectively in the two outer years. The balance will be funded internally generated funds and other grants such as Financial Management Grant (R300,000 for all financial years) and Integrated Electrification Programme (R8 million for 2015/16).

1.2 Operating Revenue Framework

For Elias Motsoaledi Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to setting of tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Efficient revenue management, which aims to ensure a 95% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2014/15MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source										
Property rates	10,706	11,033	17,900	34,000	23,725	23,725	–	31,000	32,674	34,438
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	33,937	44,172	47,884	47,000	47,000	47,000	–	58,200	61,343	64,655
Service charges - water revenue	–	1	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2,127	2,523	2,578	2,905	2,910	2,910	–	6,143	6,475	6,824
Service charges - other	–	–	–	–	–	–	–	2,736	2,884	3,039
Rental of facilities and equipment	683	811	771	705	775	775	–	1,035	1,091	1,150
Interest earned - external investments	3,869	2,344	878	630	3,130	3,130	–	3,105	3,273	3,449
Interest earned - outstanding debtors	1,868	2,580	3,733	3,820	5,020	5,020	–	5,000	5,270	5,555
Dividends received	–	–	–	–	–	–	–	–	–	–
Fines	2,408	1,031	792	1,200	673	673	–	1,010	1,065	1,122
Licences and permits	4,268	5,370	5,249	5,500	5,500	5,500	–	5,513	5,810	6,124
Agency services	3,194	3,191	3,187	7,201	7,201	7,201	–	–	–	–
Transfers recognised - operational	101,826	117,269	132,856	146,878	146,803	146,803	–	170,341	216,460	220,780
Other revenue	5,391	6,634	4,625	14,164	7,519	7,519	–	1,404	1,480	1,560
Gains on disposal of PPE	(1,830)	1,789	508	(400)	–	–	–	–	–	–
Total Revenue (excl' capital transfers)	168,447	198,750	220,960	263,603	250,255	250,255	–	285,487	337,824	348,697

Table 3 Percentage growth in revenue by main revenue source

Description	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
Revenue By Source								
Property rates	23,725	9.5%	31,000	10.9%	32,674	9.7%	34,438	9.9%
Property rates - penalties & collection charges	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Service charges - electricity revenue	47,000	18.8%	58,200	20.4%	61,343	18.2%	64,655	18.5%
Service charges - water revenue	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Service charges - sanitation revenue	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Service charges - refuse revenue	2,910	1.2%	6,143	2.2%	6,475	1.9%	6,824	2.0%
Service charges - other	–	0.0%	2,736	1.0%	2,884	0.9%	3,039	0.9%
Rental of facilities and equipment	775	0.3%	1,035	0.4%	1,091	0.3%	1,150	0.3%
Interest earned - external investments	3,130	1.3%	3,105	1.1%	3,273	1.0%	3,449	1.0%
Interest earned - outstanding debtors	5,020	2.0%	5,000	1.8%	5,270	1.6%	5,555	1.6%
Dividends received	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Fines	673	0.3%	1,010	0.4%	1,065	0.3%	1,122	0.3%
Licences and permits	5,500	2.2%	5,513	1.9%	5,810	1.7%	6,124	1.8%
Agency services	7,201	2.9%	–	0.0%	–	0.0%	–	0.0%
Transfers recognised - operational	146,803	58.7%	170,341	59.7%	216,460	64.1%	220,780	63.3%
Other revenue	7,519	3.0%	1,404	0.5%	1,480	0.4%	1,560	0.4%
Gains on disposal of PPE	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Total Revenue (excl' capital transfers)	250,255	100%	285,487	100%	337,824	100%	348,697	100%
Total revenue from rates and service charges	73,635	29.4%	98,079	34.4%	103,375	30.6%	108,958	31.2%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations (MBRR), transfers recognized - capital are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from operating grants amounts to 57,7% (2014/15 financial year) making it clear that the Municipality is depending mainly on grants. In addition, revenue generated from rates and services charges amounts to 29,4% of the revenue basket for the Municipality. In the 2013/14 financial year, revenue from rates and services charges add up to R73,635million or 29,4%. This increases to R98,079million, R103,375million and R108,958 million in the respective financial years of the MTREF.

Service charges – Electricity is the second largest revenue source totaling 20,4% or R58,2 million rand and increases to R61,343 million and R64,655 million respectively in the outer years. The third largest source is Property rates that amount to R31 million in 2014/15 financial year and R32,674 million and R34,438 million in the outer years.

Operating grants and transfers totals R170,341 million in the 2014/15 financial year and steadily increases to R219,461 million by 2016/17 financial year. Note that the year-on-year growth for the 2014/15 financial year is 15,97% and then increases to 26,34% and then decreases to 1,98% respectively in the outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:									
Operating Transfers and Grants									
National Government:	101,826	117,269	133,056	146,878	146,878	146,878	170,341	215,209	219,461
Local Government Equitable Share	100,149	114,134	129,556	143,438	143,438	143,438	166,920	212,892	217,043
Finance Management	1,000	1,250	1,500	1,550	1,550	1,550	1,300	1,350	1,400
Municipal Systems Improvement	678	790	800	890	890	890	934	967	1,018
EPWP Incentive	–	1,095	1,200	1,000	1,000	1,000	1,187	–	–
Provincial Government:	–	–	–	–	–	–	–	–	–
N/A	–	–	–	–	–	–	–	–	–
District Municipality:	–	–	–	–	–	–	–	–	–
N/A	–	–	–	–	–	–	–	–	–
Other grant providers:	–	–	–	–	–	–	–	–	–
N/A	–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	101,826	117,269	133,056	146,878	146,878	146,878	170,341	215,209	219,461

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges are revised, local economic conditions, input costs and the affordability of services will be taken into account to ensure the financial sustainability of the Municipality. National Treasury continues to encourage municipalities to keep increases in rates,

tariffs and other charges as low as possible and as a result, departments will have to justify in their budget documentation all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target as outlined in MFMA circular 72. Excessive increases are likely to be counterproductive, indirectly resulting in higher levels of non-payment.

- ✓ It has been noted that electricity tariff has been increased by more than 6% and this is explained to be attributed to NERSA increase that exceeded the threshold and in addition the increase informed the tariff setting for electricity, hence the higher rate of increase that is beyond 6%.
- ✓ All other tariffs were increased by less than 6%.

1.2.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- 35 per cent rebate will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent(calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - ✓ The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
 - ✓ The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - ✓ The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - ✓ The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or

organizations performing charitable work, sports grounds used for purposes of amateur sport.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based on 0% increase to be levied as from 1 July 2014 is contained below:

Table 5 Comparison of proposed rates to be levied for the 2014/15 financial year

Ratio at which property tax will be levied	2013/14	2014/15
Residential Property	1 : 0,80	1 : 0,80
Business and commercial	1 : 1,50	1 : 1,50
Agricultural Property	1 : 0,25	1 : 0,25
Stat Owned Property	1 : 0,25	1 : 0,25
Public Service Infrastructure	1 : 0,25	1 : 0,25
Public Benefit Organization Property	1 : 0,25	1 : 0,25
Mining Property	1 : 2	1 : 2
Municipal Property	Not Levied	Not Levied

1.2.2 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. 8,06% increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2014.

Considering the Eskom increases, the consumer tariff had to be increased by 7% to offset the additional bulk purchase cost from 1 July 2014. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity. Registered indigents will again be granted 50 kWh free of charge.

The following table shows the impact of the proposed increases in electricity tariffs for domestic customers:

Table 6 Comparison between current electricity charges and increases (Domestic)

Categories	Consumption	2013/14	2014/15	Difference	Percentage
Domestic Indigent Block 1	0 - 50	-	-	-	0.00%
Domestic Indigent Block 2	51 - 350	0.87	0.93	0.06	7.00%
Domestic Indigent Block 3	351 - >	1.06	1.13	0.07	7.00%
Domestic Block 1	0 - 50	0.64	0.68	0.04	7.00%
Domestic Block 2	51 - 350	0.87	0.93	0.06	7.00%
Domestic Block 3	351 - >	1.07	1.14	0.07	7.00%
Domestic Pre Paid Block	0 - >	1.17	1.25	0.08	7.00%
Domestic Pre Paid Block 3ph	0 - >	1.17	1.25	0.08	7.00%

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2013. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner city reticulation network was designed or strengthened ages ago with an expected 20-25 year life-expectancy. The upgrading of the Municipality's electricity network was therefore given a strategic priority, especially the substations and transmission lines and as a result, the substation was upgraded in the past and the upgrade was funded internally.

1.2.3 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are the outsourcing of refuse removal, increases in general expenditure and remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 5% increase in the waste removal tariff is proposed from 1 July 2014. Higher increases will not be viable in 2014/15 owing to 6% tariff increase threshold as stipulated in Circular 72 years as well as the overall impact of higher than inflation increases of electricity tariff increase. Any increase higher than 6% would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2014:

Table 7 Comparison between current waste removal fees and increases

Categories	2013/14	2014/15	Difference	Percentage
Basic charge (Residential)	60.02	63.17	3.16	5.26%
Retirement Homes/ RDP	51.36	54.06	2.70	5.26%
Basic charge (Commercial) 85 Litre Bin/Bin Liner	146.91	156.28	9.37	6.38%
Basic charge (Departmental and Old Age)	60.02	67.22	7.20	12.00%
Solid waste	-	316.20	316.20	100.00%

1.3 Operating Expenditure Framework

The Municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- The renewal of assets and the repairs and maintenance needs;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The alignment of capital programme to the asset renewal requirement as per MBRR;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure By Type										
Employee related costs	53,474	56,253	69,573	99,612	99,451	99,451	-	106,836	112,826	119,245
Remuneration of councillors	14,201	14,476	14,719	15,058	15,058	15,058	-	16,283	17,163	18,090
Debt impairment	3,159	6,783	3,597	1,890	1,890	1,890	-	3,000	3,162	3,333
Depreciation & asset impairment	23,410	32,124	32,894	32,000	32,000	32,000	-	35,000	36,890	38,882
Finance charges	277	287	113	90	-	-	-	-	-	-
Bulk purchases	29,029	40,739	46,120	58,037	57,537	57,537	-	47,000	49,538	52,213
Other materials	1,415	1,718	1,224	2,531	2,729	2,729	-	1,820	1,918	2,022
Contracted services	5,343	7,512	7,289	12,754	11,972	11,972	-	10,500	11,067	11,665
Transfers and grants	2,369	2,552	2,483	3,066	3,066	3,066	-	12,200	12,859	13,553
Other expenditure	32,627	41,830	28,990	66,029	68,894	68,894	-	69,858	73,789	77,773
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Expenditure	165,303	204,273	207,004	291,068	292,597	292,597	-	302,498	319,212	336,775

The budgeted allocation for employee related costs for the 2014/15 financial year totals R106,836 million, which equals 35% of the total operating expenditure. Based on MFMA circular 70, the three year salary increases have been factored into this budget at a percentage increase of 6,8% for the 2014/15 financial year. An annual increase of 6,4% has been included in the two outer years of the MTREF.

The cost associated with the remuneration of Councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R35 million for the 2014/15 financial and equates to 11.56 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. Cognizance should be taken that depreciation and asset impairment as well as debt impairment constitutes non-cash items and as a result they are excluded when determining surplus to be expended for funding capital projects.

No budget has been appropriated for finance charges since this budget line item consist primarily of the repayment of interest on long-term borrowing (cost of capital) and ELML does not have long term borrowings. It should be noted that none of the capital projects are funded from borrowings (they are funded from grants and internally generated revenues that do not in anyhow give rise to interest charges).

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses. The 2014/15 budget has been reduced as compared to 2013/14 financial year and this is due to underspending that is being experienced in the latter financial year.

The following diagram gives a breakdown of the main expenditure categories for the 2014/15 financial year.

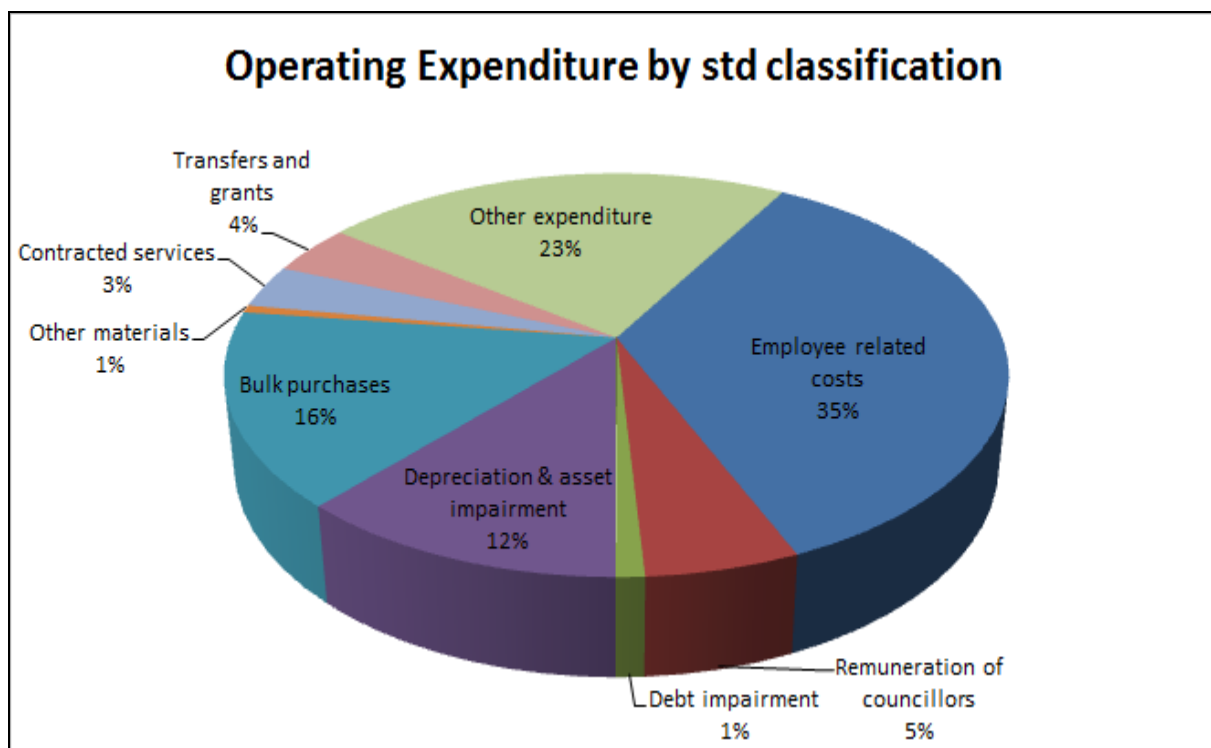


Figure 1 Main operational expenditure categories for the 2014/15 financial year

1.3.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide for budget appropriations in the area of asset maintenance, as informed by the asset renewal and repairs and maintenance needs. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

During the compilation of the 2014/15 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was however reduced by 20,32% in the 2014/15 financial year, from R9,207 million to R7,337 million. During the 2013/14 Adjustment Budget, this allocation was adjusted upwards from R7,773 million to R9,207 million. Notwithstanding the reduction from 2013/14 to 2014/15 financial year, as part of the 2014/15 MTREF this strategic imperative remains a priority and budget appropriations have been made over the MTREF. The total allocation for 2014/15 equates to R7,337 million and grows by 5,4% over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 2,4% for the respective financial years of the MTREF and this percentage is however below the set norm of 8% as stipulated by National Treasury.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 9 Repairs and maintenance per asset class

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Depreciation & asset impairment	23,410	32,124	32,894	32,000	32,000	32,000	35,000	36,890	38,882
Repairs and Maintenance by Asset Class	3,494	3,418	5,116	7,773	9,207	9,207	7,337	7,733	8,151
Infrastructure - Road transport	–	–	2,636	1,490	1,500	1,500	1,200	1,265	1,333
Infrastructure - Electricity	–	–	606	900	1,000	1,000	1,000	1,054	1,111
Infrastructure - Water	–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
Infrastructure - Other	1,841	2,318	–	1,500	1,628	1,628	500	527	555
Infrastructure	1,841	2,318	3,242	3,890	4,128	4,128	2,700	2,846	2,999
Community	–	–	1,874	–	100	100	6	6	7
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	1,653	1,101	–	3,883	4,980	4,980	4,631	4,881	5,144
TOTAL EXPENDITURE OTHER ITEMS	26,904	35,542	38,010	39,773	41,207	41,207	42,337	44,623	47,033

1.3.2 Free Basic Services: Basic Social Services Package

The social package assists of households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 10 MBRR A10 (Basic Service Delivery Measurement) on.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act and this package covers all the basic services provided by EMLM and these services include, property rates, service charges electricity, and refuse removal.

1.4 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 6 2014/15 Medium-term capital budget per vote

Vote Description	Current year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget 2013/14	%	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
Capital expenditure - Vote								
Vote 1 - Executive & Council	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Vote 2 - Office of the Municipal Manager	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Vote 3 - Budget & Treasury	75	0.1%	300	0.4%	300	0.3%	300	0.3%
Vote 4 - Corporate Services	2,031	2.8%	1,900	2.6%	2,045	2.1%	2,144	2.4%
Vote 5 - Community Services	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Vote 6 - Technical Services	68,236	95.0%	69,890	96.9%	93,880	97.6%	88,145	97.3%
Vote 7 - Strategic Development	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Vote 8 - Development Planning	1,500	2.1%	–	0.0%	–	0.0%	–	0.0%
Total Capital Expenditure - Vote	71,842	100%	72,090	100%	96,225	100%	90,589	100%

For 2014/15 an amount of R69,890 million has been appropriated for the development of infrastructure which represents 96,9% of the total capital budget. In the outer years this amount totals R93,880 million, 97,3% and R88,145 million, 97,3% respectively for each of the financial years. The other departments', *id est* Budget and Treasury and Corporate Services appropriations are mainly for procurement of operational equipment such as ICT equipment, Office furniture, etc.

Total new assets represent 70,52% or R50,839 million of the total capital budget while asset renewal equates to 29,48% or R21,251 million. The appropriation for asset renewal has significantly improved relative to 2013/14 appropriation. The allocation is however below the required norm of 40% that the renewal of existing assets must contribute to the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 15 MBRR A9 (Asset Management).

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Electricity related projects – R9,150 million
- Roads related projects – R55, 340 million
- Operational equipment – R7,600 million

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

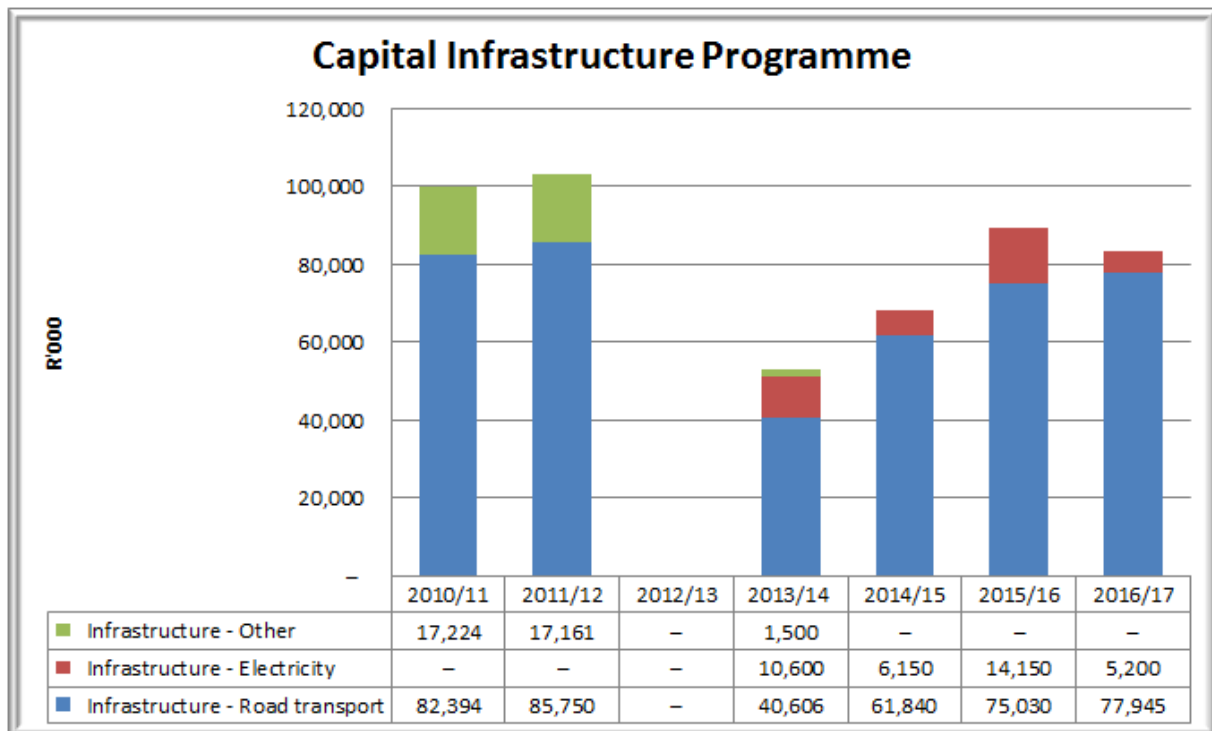


Figure 2 Capital Infrastructure Programme

1.4.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in TableSA35. This table shows that future operational costs associated with the capital programme totals R5,055million in 2014/15 and escalates to R5,616 million by 2016/17. This concomitant operational expenditure is expected to escalate to R6,625 million by 2019/20. It needs to be noted that as part of the 2014/15 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.5 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15draft budget and MTREF. Each table is accompanied by explanatory notes on the facing page.

Table 10 MBRR Table A1 - Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Financial Performance										
Property rates	10,706	11,033	17,900	34,000	23,725	23,725	–	31,000	32,674	34,438
Service charges	36,064	46,696	50,462	49,905	49,910	49,910	–	67,079	70,701	74,519
Investment revenue	3,869	2,344	878	630	3,130	3,130	–	3,105	3,273	3,449
Transfers recognised - operational	101,826	117,269	132,856	146,878	146,803	146,803	–	170,341	216,460	220,780
Other own revenue	15,982	21,408	18,864	32,190	26,687	26,687	–	13,962	14,716	15,510
Total Revenue (excl' capital transfers)	168,447	198,750	220,960	263,603	250,255	250,255	–	285,487	337,824	348,697
Employee costs	53,474	56,253	69,573	99,612	99,451	99,451	–	106,836	112,826	119,245
Remuneration of councillors	14,201	14,476	14,719	15,058	15,058	15,058	–	16,283	17,163	18,090
Depreciation & asset impairment	23,410	32,124	32,894	32,000	32,000	32,000	–	35,000	36,890	38,882
Finance charges	277	287	113	90	–	–	–	–	–	–
Materials and bulk purchases	30,444	42,457	47,344	60,569	60,266	60,266	–	48,820	51,456	54,235
Transfers and grants	2,369	2,552	2,483	3,066	3,066	3,066	–	12,200	12,859	13,553
Other expenditure	41,129	56,124	39,876	80,673	82,756	82,756	–	83,358	88,018	92,771
Total Expenditure	165,303	204,273	207,004	291,068	292,597	292,597	–	302,498	319,212	336,775
Surplus/(Deficit)	3,144	(5,523)	13,956	(27,464)	(42,342)	(42,342)	–	(17,011)	18,612	11,922
Transfers recognised - capital	26,702	29,037	35,223	53,596	53,671	53,671	–	51,140	61,901	56,245
Contributions recognised - capital & contributions	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers	29,846	23,514	49,179	26,132	11,329	11,329	–	34,129	80,513	68,167
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	29,846	23,514	49,179	26,132	11,329	11,329	–	34,129	80,513	68,167
Capital expenditure & funds sources										
Capital expenditure	101,262	105,843	57,412	59,996	71,842	71,842	–	72,090	96,225	90,589
Transfers recognised - capital	26,702	29,037	35,223	53,596	53,671	53,671	–	51,140	61,901	56,245
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	74,560	76,806	22,189	6,400	18,171	18,171	–	20,950	34,324	34,344
Total sources of capital funds	101,262	105,843	57,412	59,996	71,842	71,842	–	72,090	96,225	90,589
Financial position										
Total current assets	66,899	38,747	45,820	39,124	150,258	150,258	–	74,869	71,823	66,182
Total non current assets	661,467	734,862	892,847	893,058	984,356	984,356	–	1,077,247	1,155,342	1,235,931
Total current liabilities	19,672	40,530	(52,051)	15,006	55,000	55,000	–	43,000	34,500	28,800
Total non current liabilities	25,100	25,592	28,457	29,532	40,000	40,000	–	40,000	40,000	40,000
Community wealth/Equity	683,593	707,487	962,260	887,644	1,039,614	1,039,614	–	1,069,116	1,152,665	1,233,314
Cash flows										
Net cash from (used) operating	87,027	77,273	20,114	74,426	143,026	143,026	–	69,959	92,565	90,381
Net cash from (used) investing	(101,262)	(101,937)	(38,870)	(58,896)	(68,842)	(68,842)	–	(67,090)	(87,696)	(88,789)
Net cash from (used) financing	(1,851)	(3,715)	142	266	510	510	–	500	500	1,000
Cash/cash equivalents at the year end	35,855	7,476	(11,138)	8,304	90,000	90,000	15,306	23,369	28,739	31,331
Cash backing/surplus reconciliation										
Cash and investments available	35,853	7,476	32,090	23,400	90,000	90,000	–	23,369	28,739	31,331
Application of cash and investments	(18,420)	13,686	(68,461)	3,097	(10,960)	(10,960)	–	(1,417)	(1,555)	(887)
Balance - surplus (shortfall)	54,273	(6,210)	100,551	20,303	100,960	100,960	–	24,786	30,294	32,218
Asset management										
Asset register summary (WDV)	661,467	734,862	892,847	893,058	984,356	984,356	1,077,247	1,077,247	1,155,342	1,235,931
Depreciation & asset impairment	23,410	32,124	32,894	32,000	32,000	32,000	35,000	35,000	36,890	38,882
Renewal of Existing Assets	–	–	–	3,000	7,047	7,047	7,047	21,251	34,695	46,089
Repairs and Maintenance	3,494	3,418	5,116	7,773	9,207	9,207	7,337	7,337	7,733	8,151
Free services										
Cost of Free Basic Services provided	3,019	1,130	–	2,000	2,000	2,000	1,800	1,800	1,897	2,000
Revenue cost of free services provided	11,714	10,035	17,353	10,253	10,253	10,253	12,200	12,200	12,859	13,553
Households below minimum service level										
Water:	20	20	20	20	20	20	40	40	40	40
Sanitation/sewerage:	3	3	3	0	0	0	5	5	5	5
Energy:	–	–	–	–	–	–	2	2	2	2
Refuse:	53	53	53	53	53	53	54	54	54	54

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts contained in the draft budget for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reform emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure net of non-cash items) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Internally generated funds is financed from a combination of the current operating surplus. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that the municipality is not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position with regards to replacement of assets since no capital replacement reserve is in place. Notwithstanding the absence of capital replacement reserve, EMLM appear to be doing well since it is not operating on overdraft nor funding some of its capital projects through borrowings. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2016/17 the electricity backlog will have been very nearly eliminated.

Table 11 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard									
Governance and administration	117,316	135,065	155,890	191,917	178,432	178,432	209,229	257,432	263,948
Executive and council	1,039	1,319	1,419	1,558	1,378	1,378	934	967	1,018
Budget and treasury office	116,156	133,357	154,194	190,083	176,927	176,927	208,195	256,359	262,819
Corporate services	120	388	276	277	127	127	100	105	111
Community and public safety	8,846	8,977	8,455	9,719	6,271	6,271	9,131	9,624	10,144
Community and social services	32	43	54	51	53	53	2,558	2,697	2,842
Sport and recreation	4	–	–	50	50	50	–	–	–
Public safety	6,676	6,402	5,815	6,700	6,168	6,168	6,573	6,927	7,301
Housing	–	–	–	–	–	–	–	–	–
Health	2,134	2,532	2,586	2,919	–	–	–	–	–
Economic and environmental services	24,957	31,235	37,395	46,527	47,215	47,215	52,466	55,315	57,751
Planning and development	5	8	15	66	94	94	181	191	201
Road transport	24,952	31,227	37,380	46,461	47,121	47,121	52,285	55,124	57,550
Environmental protection	–	–	–	–	–	–	–	–	–
Trading services	44,028	52,510	54,437	69,036	72,010	72,010	65,801	77,354	73,099
Electricity	40,834	49,319	54,437	61,835	61,835	61,835	59,290	70,492	65,866
Water	2,653	2,821	–	7,201	7,201	7,201	–	–	–
Waste water management	541	369	–	–	–	–	–	–	–
Waste management	–	–	–	–	2,974	2,974	6,511	6,863	7,233
Other	2	2	6	–	–	–	–	–	–
Total Revenue - Standard	195,149	227,787	256,183	317,199	303,926	303,926	336,627	399,725	404,942
Expenditure - Standard									
Governance and administration	100,708	120,891	122,198	165,531	166,012	166,012	145,363	153,672	162,273
Executive and council	40,994	42,447	41,217	57,751	59,172	59,172	34,392	36,284	38,282
Budget and treasury office	45,135	59,995	53,731	62,127	59,673	59,673	66,779	70,510	74,429
Corporate services	14,578	18,450	27,250	45,653	47,167	47,167	44,192	46,878	49,563
Community and public safety	17,818	22,271	20,452	31,834	18,221	18,221	59,786	62,782	66,218
Community and social services	2,993	3,460	3,428	5,384	5,666	5,666	22,606	24,084	25,561
Sport and recreation	142	451	18	272	272	272	445	472	499
Public safety	8,063	8,356	9,208	14,083	12,283	12,283	36,736	38,226	40,157
Housing	–	–	–	–	–	–	–	–	–
Health	6,620	10,004	7,799	12,094	–	–	–	–	–
Economic and environmental services	17,752	21,751	17,919	34,933	36,642	36,642	28,132	29,726	31,225
Planning and development	6,065	7,394	6,256	11,335	11,293	11,293	11,138	11,808	12,521
Road transport	11,687	14,356	11,663	23,597	25,350	25,350	16,994	17,918	18,704
Environmental protection	–	–	–	–	–	–	–	–	–
Trading services	29,025	39,359	46,434	58,770	71,722	71,722	69,215	73,031	77,059
Electricity	29,025	39,359	46,434	58,770	59,840	59,840	59,202	62,431	65,837
Water	–	–	–	–	–	–	–	–	–
Waste water management	0	–	–	–	–	–	–	–	–
Waste management	–	–	–	–	11,882	11,882	10,013	10,600	11,223
Other	1	1	–	–	–	–	–	–	–
Total Expenditure - Standard	165,303	204,273	207,004	291,068	292,597	292,597	302,498	319,212	336,775
Surplus/(Deficit) for the year	29,846	23,514	49,179	26,132	11,329	11,329	34,129	80,513	68,167

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Table 12MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote									
Vote 1 - Executive & Council	–	–	–	–	–	–	–	–	–
Vote 2 - Office of the Municipal Manager	678	790	800	890	890	890	934	967	1,018
Vote 3 - Budget & Treasury	116,165	133,363	154,197	190,133	176,927	176,927	208,195	256,359	262,819
Vote 4 - Corporate Services	120	388	276	277	127	127	100	105	111
Vote 5 - Community Services	9,025	9,241	8,894	9,947	9,732	9,732	15,642	16,487	17,377
Vote 6 - Technical Services	69,157	83,997	92,001	115,887	116,157	116,157	111,575	125,616	123,416
Vote 7 - Strategic Development	–	–	–	–	–	–	–	–	–
Vote 8 - Development Planning	5	8	15	66	94	94	181	191	201
Total Revenue by Vote	195,149	227,787	256,183	317,199	303,926	303,926	336,627	399,725	404,942
Expenditure by Vote									
Vote 1 - Executive & Council	20,399	23,963	21,554	26,884	27,882	27,882	25,227	26,590	28,026
Vote 2 - Office of the Municipal Manager	7,752	4,328	5,349	7,436	8,049	8,049	9,165	9,695	10,256
Vote 3 - Budget & Treasury	45,195	59,995	53,731	62,127	59,673	59,673	66,779	70,510	74,429
Vote 4 - Corporate Services	14,578	18,450	27,250	45,653	47,167	47,167	44,192	46,878	49,563
Vote 5 - Community Services	30,221	35,799	34,154	54,524	53,344	53,344	69,800	73,382	77,441
Vote 6 - Technical Services	41,094	54,344	58,709	83,108	85,190	85,190	76,196	80,349	84,541
Vote 7 - Strategic Development	–	–	–	4,153	5,161	5,161	5,483	5,814	6,166
Vote 8 - Development Planning	6,065	7,394	6,256	7,182	6,132	6,132	5,656	5,995	6,355
Total Expenditure by Vote	165,303	204,273	207,004	291,068	292,597	292,597	302,498	319,212	336,775
Surplus/(Deficit) for the year	29,846	23,514	49,179	26,132	11,329	11,329	34,129	80,513	68,167

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality.

Table 73MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source										
Property rates	10,706	11,033	17,900	34,000	23,725	23,725	–	31,000	32,674	34,438
Property rates - penalties & collection charges							–			
Service charges - electricity revenue	33,937	44,172	47,884	47,000	47,000	47,000	–	58,200	61,343	64,655
Service charges - water revenue	–	1	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2,127	2,523	2,578	2,905	2,910	2,910	–	6,143	6,475	6,824
Service charges - other	–	–	–	–	–	–	–	2,736	2,884	3,039
Rental of facilities and equipment	683	811	771	705	775	775	–	1,035	1,091	1,150
Interest earned - external investments	3,869	2,344	878	630	3,130	3,130	–	3,105	3,273	3,449
Interest earned - outstanding debtors	1,868	2,580	3,733	3,820	5,020	5,020	–	5,000	5,270	5,555
Dividends received	–	–	–	–	–	–	–			
Fines	2,408	1,031	792	1,200	673	673	–	1,010	1,065	1,122
Licences and permits	4,268	5,370	5,249	5,500	5,500	5,500	–	5,513	5,810	6,124
Agency services	3,194	3,191	3,187	7,201	7,201	7,201	–			
Transfers recognised - operational	101,826	117,269	132,856	146,878	146,803	146,803	–	170,341	216,460	220,780
Other revenue	5,391	6,634	4,625	14,164	7,519	7,519	–	1,404	1,480	1,560
Gains on disposal of PPE	(1,830)	1,789	508	(400)	–	–	–	–	–	–
Total Revenue (excl' capital transfers)	168,447	198,750	220,960	263,603	250,255	250,255	–	285,487	337,824	348,697
Expenditure By Type										
Employee related costs	53,474	56,253	69,573	99,612	99,451	99,451	–	106,836	112,826	119,245
Remuneration of councillors	14,201	14,476	14,719	15,058	15,058	15,058	–	16,283	17,163	18,090
Debt impairment	3,159	6,783	3,597	1,890	1,890	1,890	–	3,000	3,162	3,333
Depreciation & asset impairment	23,410	32,124	32,894	32,000	32,000	32,000	–	35,000	36,890	38,882
Finance charges	277	287	113	90	–	–	–	–	–	–
Bulk purchases	29,029	40,739	46,120	58,037	57,537	57,537	–	47,000	49,538	52,213
Other materials	1,415	1,718	1,224	2,531	2,729	2,729	–	1,820	1,918	2,022
Contracted services	5,343	7,512	7,289	12,754	11,972	11,972	–	10,500	11,067	11,665
Transfers and grants	2,369	2,552	2,483	3,066	3,066	3,066	–	12,200	12,859	13,553
Other expenditure	32,627	41,830	28,990	66,029	68,894	68,894	–	69,858	73,789	77,773
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–
Total Expenditure	165,303	204,273	207,004	291,068	292,597	292,597	–	302,498	319,212	336,775
Surplus/(Deficit)	3,144	(5,523)	13,956	(27,464)	(42,342)	(42,342)	–	(17,011)	18,612	11,922
Transfers recognised - capital	26,702	29,037	35,223	53,596	53,671	53,671	–	51,140	61,901	56,245
Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers	29,846	23,514	49,179	26,132	11,329	11,329	–	34,129	80,513	68,167
Taxation										
Surplus/(Deficit) after taxation	29,846	23,514	49,179	26,132	11,329	11,329	–	34,129	80,513	68,167
Attributable to minorities										
Surplus/(Deficit)	29,846	23,514	49,179	26,132	11,329	11,329	–	34,129	80,513	68,167
Share of surplus/ (deficit) of associate										
Surplus/(Deficit) for the year	29,846	23,514	49,179	26,132	11,329	11,329	–	34,129	80,513	68,167

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R285,487 million in 2014/15 and escalates to R348,697 million by 2016/17. This represents a year-on-year increase of 14,08% for the 2014/15 financial year, 18,33% for the 2015/16 financial year and a decrease of 3,22% in 2016/17 financial year.
2. Revenue to be generated from property rates is R31 million in the 2014/15 financial year and increases to R34,438 million by 2016/17 which represents 10,86% of the operating revenue base of the Municipality for 2014/15 financial year and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term.
3. Services charges relating to electricity and refuse removal also contribute to the revenue basket of the Municipality totaling R64,343 million for the 2014/15 financial year and increasing to R67,818 million by 2015/16 and increasing to R71,480 million in 2016/17 financial year. For the 2014/15 financial year, services charges amount to 22,54% of the total revenue base and grows by 5,4% per annum over the medium-term.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national. It needs to be noted that in real terms the grants receipts from national government has increased by 16,03% in 2014/15 financial year, by 22,07% in 2015/16 financial year and by 2% in 2016/17 financial years.
5. The following graph illustrates the major expenditure items per type.

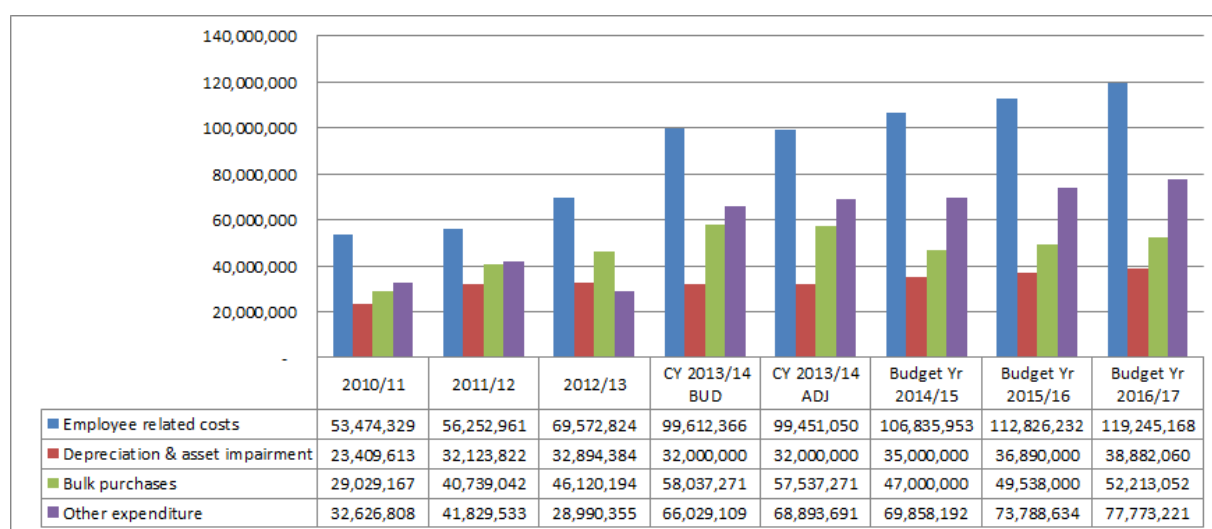


Figure 3 Expenditure by major type

6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.
7. Bulk purchases have significantly decreased over the 2013/14 to 2014/15 period and escalates from R47 million to R52,2 million. The decreases is attributed to underspending in the 2013/14 financial year.

Table 14 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Expenditure - Standard										
Governance and administration	1,380	(0)	–	1,500	2,106	2,106	–	2,200	2,345	2,444
Executive and council	–	–	–	–	–	–	–	–	–	–
Budget and treasury office	1,244	–	–	–	75	75	–	300	300	300
Corporate services	136	(0)	–	1,500	2,031	2,031	–	1,900	2,045	2,144
Community and public safety	263	2,993	112	–	–	–	–	–	–	–
Community and social services	263	2,993	–	–	–	–	–	–	–	–
Sport and recreation	–	–	–	–	–	–	–	–	–	–
Public safety	–	–	–	–	–	–	–	–	–	–
Housing	–	–	–	–	–	–	–	–	–	–
Health	–	–	112	–	–	–	–	–	–	–
Economic and environmental services	82,575	85,689	40,183	43,906	54,985	54,985	–	63,741	79,030	82,945
Planning and development	180	–	–	1,800	1,500	1,500	–	600	–	–
Road transport	82,395	85,689	40,183	42,106	53,485	53,485	–	63,141	79,030	82,945
Environmental protection	–	–	–	–	–	–	–	–	–	–
Trading services	–	–	–	14,590	14,751	14,751	–	6,150	14,850	5,200
Electricity	–	–	–	14,590	14,751	14,751	–	6,150	14,850	5,200
Water	–	–	–	–	–	–	–	–	–	–
Waste water management	–	–	–	–	–	–	–	–	–	–
Waste management	–	–	–	–	–	–	–	–	–	–
Other	17,044	17,161	17,117	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	101,262	105,843	57,412	59,996	71,842	71,842	–	72,091	96,225	90,589
Funded by:							–			
National Government	26,702	29,037	35,223	53,596	53,671	53,671	–	51,141	61,901	56,245
Provincial Government	–	–	–	–	–	–	–	–	–	–
District Municipality	–	–	–	–	–	–	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	26,702	29,037	35,223	53,596	53,671	53,671	–	51,141	61,901	56,245
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	74,560	76,806	22,189	6,400	18,171	18,171	–	20,950	34,324	34,344
Total Capital Funding	101,262	105,843	57,412	59,996	71,842	71,842	–	72,091	96,225	90,589

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote										
Multi-year expenditure										
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-	300	300	300
Vote 4 - Corporate Services	-	-	-	-	-	-	-	1,900	2,045	2,144
Vote 5 - Community Services	-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services	-	-	-	-	54,604	54,604	-	46,829	76,751	84,145
Vote 7 - Strategic Development	-	-	-	-	-	-	-	-	-	-
Vote 8 - Development Planning	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	54,604	54,604	-	49,029	79,096	86,589
Single-year expenditure										
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	16,769	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	1,287	-	-	-	75	75	-	-	-	-
Vote 4 - Corporate Services	136	-	-	1,500	2,031	2,031	-	-	-	-
Vote 5 - Community Services	263	2,993	1,067	-	-	-	-	-	-	-
Vote 6 - Technical Services	-	-	-	-	-	-	-	23,061	17,129	4,000
Vote 7 - Strategic Development	82,807	102,850	53,761	56,696	13,632	13,632	-	-	-	-
Vote 8 - Development Planning	-	-	2,584	1,800	1,500	1,500	-	-	-	-
Capital single-year expenditure sub-total	101,262	105,843	57,412	59,996	17,238	17,238	-	23,061	17,129	4,000
Total Capital Expenditure - Vote	101,262	105,843	57,412	59,996	71,842	71,842	-	72,090	96,225	90,589

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2014/15 R49,029 million has been allocated of the total R72,090 million capital budget, which totals 68,01%. This allocation escalates to R79,096 million in 2015/16 and to R86,589 million in 2016/17.
3. Single-year capital expenditure has been appropriated at R23,061 million for the 2014/15 financial year and declines over the MTREF at levels of R17,129 million and R4 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years. The capital programme is funded from capital grants and transfers and internally generated funds from current year surpluses.

Table 15 MBRR Table A6 - Budgeted Financial Position

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year+1 2015/16	Budget Year+2 2016/17
ASSETS										
Current assets										
Cash	35,853	7,476	21,690	8,400	40,000	40,000	–	8,369	13,739	16,331
Call investment deposits	–	–	10,400	15,000	50,000	50,000	–	15,000	15,000	15,000
Consumer debtors	8,157	12,741	13,899	13,666	40,000	40,000	–	30,000	24,184	17,851
Other debtors	21,155	16,663	(211)	–	15,000	15,000	–	16,500	14,400	13,000
Current portion of long-term receivables	–	–	–	–	–	–	–	–	–	–
Inventory	1,734	1,868	42	2,058	5,258	5,258	–	5,000	4,500	4,000
Total current assets	66,899	38,747	45,820	39,124	150,258	150,258	–	74,869	71,823	66,182
Non current assets										
Long-term receivables	–	–	–	–	–	–	–	–	–	–
Investments	–	–	–	–	–	–	–	–	–	–
Investment property	17,927	17,927	189,890	133,350	218,350	218,350	–	220,000	220,000	220,000
Investment in Associate	–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	643,445	687,424	691,386	740,491	740,491	740,491	–	830,229	908,324	988,913
Agricultural	–	–	–	–	–	–	–	–	–	–
Biological	94	94	12	–	15	15	–	18	18	18
Intangible	–	29,416	11,560	19,217	25,500	25,500	–	27,000	27,000	27,000
Other non-current assets	–	–	–	–	–	–	–	–	–	–
Total non current assets	661,467	734,862	892,847	893,058	984,356	984,356	–	1,077,247	1,155,342	1,235,931
TOTAL ASSETS	728,365	773,609	938,667	932,182	1,134,614	1,134,614	–	1,152,116	1,227,165	1,302,114
LIABILITIES										
Current liabilities										
Bank overdraft	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Consumer deposits	3,031	3,206	3,348	3,535	5,000	5,000	–	5,000	5,500	6,500
Trade and other payables	16,641	37,325	(55,399)	11,471	50,000	50,000	–	38,000	29,000	22,300
Provisions	–	–	–	–	–	–	–	–	–	–
Total current liabilities	19,672	40,530	(52,051)	15,006	55,000	55,000	–	43,000	34,500	28,800
Non current liabilities										
Borrowing	2,764	(0)	–	–	–	–	–	–	–	–
Provisions	22,335	25,592	28,457	29,532	40,000	40,000	–	40,000	40,000	40,000
Total non current liabilities	25,100	25,592	28,457	29,532	40,000	40,000	–	40,000	40,000	40,000
TOTAL LIABILITIES	44,772	66,122	(23,593)	44,538	95,000	95,000	–	83,000	74,500	68,800
NET ASSETS	683,593	707,487	962,260	887,644	1,039,614	1,039,614	–	1,069,116	1,152,665	1,233,314
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	683,593	707,487	962,260	887,644	1,039,614	1,039,614	–	1,069,116	1,152,665	1,233,314
Reserves	–	–	–	–	–	–	–	–	–	–
Minorities' interests	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	683,593	707,487	962,260	887,644	1,039,614	1,039,614	–	1,069,116	1,152,665	1,233,314

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 16MBRR Table A7 - Budgeted Cash Flow Statement

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other	88,211	73,740	90,015	112,675	120,030	120,030	–	107,021	108,821	112,913
Government - operating	101,826	117,269	132,856	146,878	146,803	146,803	–	170,341	216,460	220,780
Government - capital	26,702	29,037	35,223	53,596	53,671	53,671	–	51,140	61,901	56,245
Interest	5,737	4,925	4,611	4,450	8,150	8,150	–	8,105	8,543	9,004
Dividends	–	–	–	–	–	–	–	–	–	–
Payments										
Suppliers and employees	(132,803)	(144,860)	(239,995)	(240,017)	(182,472)	(182,472)	–	(254,448)	(282,172)	(295,007)
Finance charges	(277)	(287)	(113)	(90)	(90)	(90)	–	–	–	–
Transfers and Grants	(2,369)	(2,552)	(2,483)	(3,066)	(3,066)	(3,066)	–	(12,200)	(12,859)	(13,553)
NET CASH FROM/(USED) OPERATING ACTIVITIES	87,027	77,273	20,114	74,426	143,026	143,026	–	69,959	100,695	90,381
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	(0)	3,906	–	(400)	1,000	1,000	–	5,000	400	1,800
Decrease (increase) in non-current debtors	–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–
Payments										
Capital assets	(101,262)	(105,843)	(38,870)	(58,496)	(69,842)	(69,842)	–	(72,090)	(96,225)	(90,589)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(101,262)	(101,937)	(38,870)	(58,896)	(68,842)	(68,842)	–	(67,090)	(95,825)	(88,789)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits	226	175	142	266	510	510	–	500	500	1,000
Payments										
Repayment of borrowing	(2,077)	(3,889)	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1,851)	(3,715)	142	266	510	510	–	500	500	1,000
NET INCREASE/ (DECREASE) IN CASH HELD	(16,086)	(28,379)	(18,614)	15,796	74,694	74,694	–	3,369	5,370	2,592
Cash/cash equivalents at the year begin:	51,940	35,855	7,476	(7,492)	15,306	15,306	15,306	20,000	23,369	28,739
Cash/cash equivalents at the year end:	35,855	7,476	(11,138)	8,304	90,000	90,000	15,306	23,369	28,739	31,331

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash level of the Municipality fell significantly from the 2013/14 to 2014/15 period owing directly to a net decrease in cash and cash equivalent for the 2014/15 financial year.
4. The approved 2014/15 MTREF however provide for a constant increase in cash and cash equivalent of R28,739 million and R31,331 million in the outer years.
5. The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash and cash equivalent over the medium-term.

Table 17 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available										
Cash/cash equivalents at the year end	35,855	7,476	(11,138)	8,304	90,000	90,000	15,306	23,369	28,739	31,331
Other current investments > 90 days	(1)	(0)	43,228	15,096	(0)	(0)	(15,306)	–	0	(0)
Non current assets - Investments	–	–	–	–	–	–	–	–	–	–
Cash and investments available:	35,853	7,476	32,090	23,400	90,000	90,000	–	23,369	28,739	31,331
Application of cash and investments										
Unspent conditional transfers	1,108	894	(108)	–	–	–	–	–	–	–
Unspent borrowing	–	–	–	–	–	–	–	–	–	–
Statutory requirements	–	–	–	–	–	–	–	1,500	1,581	1,666
Other working capital requirements	–	–	–	–	–	–	–	(1,417)	(1,555)	(887)
Other provisions	–	–	–	–	–	–	–	500	527	555
Long term investments committed	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:	1,108	894	(108)	–	–	–	–	583	553	1,335
Surplus(shortfall)	34,745	6,582	32,197	23,400	90,000	90,000	–	22,786	28,186	29,996

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the above table, it is clearly indicated that the municipality has surplus over MTREF.

Table 18 MBRR Table A9 - Asset Management

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CAPITAL EXPENDITURE									
Total New Assets	101,261	105,844	–	56,996	64,795	64,795	50,839	61,530	44,500
Infrastructure - Road transport	82,394	85,750	–	37,606	47,638	47,638	48,239	48,530	44,500
Infrastructure - Electricity	–	–	–	10,600	14,751	14,751	2,000	13,000	–
Infrastructure - Water	–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
Infrastructure - Other	17,224	17,161	–	1,500	–	–	–	–	–
Infrastructure	99,618	102,911	–	49,706	62,389	62,389	50,239	61,530	44,500
Community	263	2,933	–	1,800	300	300	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	1,380	–	–	5,490	2,106	2,106	600	–	–
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	–	–	–	3,000	7,047	7,047	21,251	34,695	46,089
Infrastructure - Road transport	–	–	–	3,000	3,500	3,500	13,601	26,500	33,445
Infrastructure - Electricity	–	–	–	–	–	–	4,150	1,150	5,200
Infrastructure - Water	–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
Infrastructure - Other	–	–	–	–	2,047	2,047	–	–	–
Infrastructure	–	–	–	3,000	5,547	5,547	17,751	27,650	38,645
Community	–	–	–	–	1,500	1,500	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	3,500	7,045	7,444
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–
Total Capital Expenditure									
Infrastructure - Road transport	82,394	85,750	–	40,606	51,138	51,138	61,840	75,030	77,945
Infrastructure - Electricity	–	–	–	10,600	14,751	14,751	6,150	14,150	5,200
Infrastructure - Water	–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
Infrastructure - Other	17,224	17,161	–	1,500	2,047	2,047	–	–	–
Infrastructure	99,618	102,911	–	52,706	67,936	67,936	67,990	89,180	83,145
Community	263	2,933	–	1,800	1,800	1,800	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	1,380	–	–	5,490	2,106	2,106	4,100	7,045	7,444
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	101,261	105,844	–	59,996	71,842	71,842	72,090	96,225	90,589

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

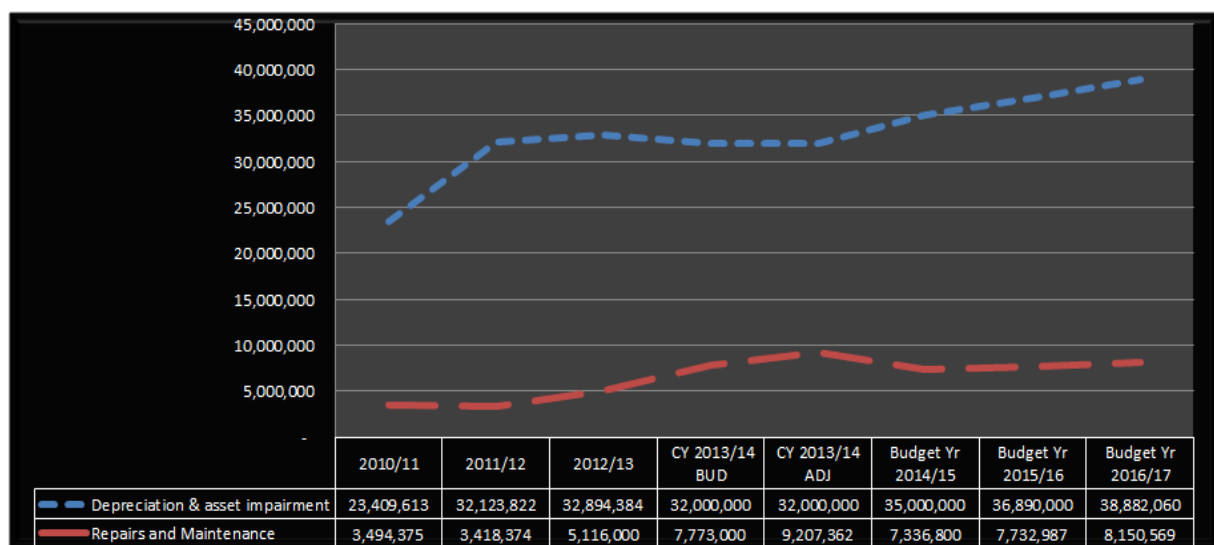


Figure 4 Depreciation in relation to repairs and maintenance over the MTREF

Table 19 MBRR Table A10 - Basic Service Delivery Measurement

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets									
Water:									
Piped water inside dwelling	28,295	28,295	28,295	28,295	28,295	28,295	1,874	1,874	1,874
Piped water inside yard (but not in dwelling)	—	—	—	—	—	—	12,178	12,178	12,178
Using public tap (at least min.service level)	—	—	—	—	—	—	—	—	—
Other water supply (at least min.service level)	11,901	11,901	11,901	11,901	11,901	11,901	6,089	6,089	6,089
<i>Minimum Service Level and Above sub-total</i>	40,196	40,196	40,196	40,196	40,196	40,196	20,141	20,141	20,141
Using public tap (< min.service level)	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	—	—	—	—	—	—	40,110	40,110	40,110
No water supply	20,056	20,056	20,056	20,056	20,056	20,056	—	—	—
<i>Below Minimum Service Level sub-total</i>	20,056	20,056	20,056	20,056	20,056	20,056	40,110	40,110	40,110
Total number of households	60,252	60,252	60,252	60,252	60,252	60,252	60,251	60,251	60,251
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	7,792	7,792	7,792	7,792	7,792	7,792	6,085	6,085	6,085
Flush toilet (with septic tank)	—	—	—	—	—	—	942	942	942
Chemical toilet	—	—	—	—	—	—	766	766	766
Pit toilet (ventilated)	47,632	47,632	47,632	47,632	47,632	47,632	4,949	4,949	4,949
Other toilet provisions (> min.service level)	—	—	—	—	—	—	42,683	42,683	42,683
<i>Minimum Service Level and Above sub-total</i>	55,424	55,424	55,424	55,424	55,424	55,424	55,425	55,425	55,425
Bucket toilet	460	460	460	460	460	460	460	460	460
Other toilet provisions (< min.service level)	—	—	—	—	—	—	1,686	1,686	1,686
No toilet provisions	2,680	2,680	2,680	—	—	—	2,680	2,680	2,680
<i>Below Minimum Service Level sub-total</i>	3,140	3,140	3,140	460	460	460	4,826	4,826	4,826
Total number of households	58,564	58,564	58,564	55,884	55,884	55,884	60,251	60,251	60,251
Energy:									
Electricity (at least min.service level)	6	6	6	6	6	6	58,750	58,750	58,750
Electricity - prepaid (min.service level)	—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>	6	6	6	6	6	6	58,750	58,750	58,750
Electricity (< min.service level)	—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)	—	—	—	—	—	—	—	—	—
Other energy sources	—	—	—	—	—	—	1,501	1,501	1,501
<i>Below Minimum Service Level sub-total</i>	—	—	—	—	—	—	1,501	1,501	1,501
Total number of households	6	6	6	6	6	6	60,251	60,251	60,251
Refuse:									
Removed at least once a week	6,527	6,527	6,527	6,527	6,527	6,527	6,122	6,122	6,122
<i>Minimum Service Level and Above sub-total</i>	6,527	6,527	6,527	6,527	6,527	6,527	6,122	6,122	6,122
Removed less frequently than once a week	—	—	—	—	—	—	405	405	405
Using communal refuse dump	44,517	44,517	44,517	44,517	44,517	44,517	1,993	1,993	1,993
Using own refuse dump	—	—	—	—	—	—	42,524	42,524	42,524
Other rubbish disposal	—	—	—	—	—	—	—	—	—
No rubbish disposal	8,504	8,504	8,504	8,504	8,504	8,504	9,207	9,207	9,207
<i>Below Minimum Service Level sub-total</i>	53,021	53,021	53,021	53,021	53,021	53,021	54,129	54,129	54,129
Total number of households	59,548	59,548	59,548	59,548	59,548	59,548	60,251	60,251	60,251
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	11	12	14	15	15	15	1,874	1,874	1,874
Sanitation (free minimum level service)	11	12	14	15	15	15	6,085	6,085	6,085
Electricity/other energy (50kwh per household per month)	11	12	14	15	15	15	726	726	726
Refuse (removed at least once a week)	11	12	14	15	15	15	6,122	6,122	6,122
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	—	—	—	—	—	—	—	—	—
Sanitation (free sanitation service)	—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per household per month)	3,019	1,130	—	2,000	2,000	2,000	1,300	1,370	1,444
Refuse (removed once a week)	—	—	—	—	—	—	500	527	555
Total cost of FBS provided (minimum social package)	3,019	1,130	—	2,000	2,000	2,000	1,800	1,897	2,000
Highest level of free service provided									
Property rates (R value threshold)	15,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	—	—	—	—	—	—	—	—	—
Sanitation (Rand per household per month)	—	—	—	—	—	—	—	—	—
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	150	150	150	150	150	150	150	150	150
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	5,755	5,825	14,102	4,725	4,725	4,725	5,000	5,270	5,555
Property rates (other exemptions, reductions and rebates)	—	—	—	—	—	—	—	—	—
Water	—	—	—	—	—	—	—	—	—
Sanitation	—	—	—	—	—	—	—	—	—
Electricity/other energy	3,019	1,130	—	2,000	2,000	2,000	6,200	6,535	6,888
Refuse	—	90	100	109	109	109	1,000	1,054	1,111
Municipal Housing - rental rebates	—	—	—	—	—	—	—	—	—
Housing - top structure subsidies	—	—	—	—	—	—	—	—	—
Other	2,940	2,990	3,151	3,419	3,419	3,419	—	—	—
Total revenue cost of free services provided (total social package)	11,714	10,035	17,353	10,253	10,253	10,253	12,200	12,859	13,553

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for increase in households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services.
3. It is anticipated that these Free Basic Services will cost the municipality R12,200 million in 2014/15, increasing to R12,859 million in 2015/16 and to R13,553 million in 2016/17. This is covered by the municipality's equitable share allocation from national government.

PART 2 – SUPPORTING DOCUMENTATION

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- ✓ that the process followed to compile the budget complies with legislation and good budget practices;
- ✓ that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- ✓ that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- ✓ that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2013. Key dates applicable to the process were:

- **August 2013** – ward to ward based data collection and collating of information from ward based data.
- **September 2013** – determination of strategic objectives for service delivery through IDP review processes and the development of the next three year budget (including review of sector departments plans); determination of revenue projections and propose tariffs and draft initial allocations per function and department for 2014/15 financial year; consultation with provincial national sector departments on sector specific programmes for alignment (schools, libraries, clinics, electricity, roads, etc); finalization of ward based data compilation for verification in December 2013; and updating of Council structures on updated data.

- **October 2013** - 1st quarter reviewal of 2013/14 budget, related policies, amendments (if necessary), and any related consultative process; begin with preliminary preparations on proposed budget for 2014/15 financial year with consideration being given to partial performance of 2013/14; and 1st Quarter Performance Lekgotla (2013/14).
- **November 2013** – confirmation of IDP projects with district and sector departments; engagement with sector departments' strategic sessions to test feasibility of attendance to planned sessions; and reviewal and effecting of changes on initial IDP draft.
- **December 2013** –reviewal of 2013/14 budget performance and prepare for adjustment.
- **January 2014** - Review of the financial strategy and key economic and financial planning assumptions and this included financial forecasting and scenario considerations;
 - ✓ Mid-year performance Lekgotla/review/strategic planning session (reviewal of IDP/Budget related policies and consultative process);
 - ✓ Council considers the 2013/14 Mid-year Review and Adjustments Budget;
- **February 2014**–tabling of budget adjustment (if necessary); submission of Draft IDP/Budget for 2014/15 to Management; submission of Draft IDP/Budget and plans to Portfolio Committees; and submission of 2014/15 Draft IDP/Budget to EXCO .
- **March 2014** - Tabling in Council of the draft 2014/15 IDP and 2014/15 MTREF for public consultation;
- **April 2014** – Public consultation;
- **May 2014** - Closing date for written comments;
 - ✓ Finalisation of the 2014/15 IDP and 2014/15 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
 - ✓ Tabling of the 2011/12 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in May 2010. The process started in September 2013 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2014/15 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;

- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2014/15 MTREF, based on the approved 2013/14 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2014/15 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2013/14 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

- The Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, etc)
- Performance trends (2013/14)
- The approved 2013/14 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 70 and 72 has been taken into consideration in the planning and prioritisation process.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);

- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's strategic objectives for the 2014/15 MTREF and further planning refinements that have directly informed the compilation of the budget:

Developmental priority	Outcome	Role of EMLM	Output
Spatial Rationale	Outcome 8 &9	<ul style="list-style-type: none"> ➤ Provide land for human settlement ➤ Zoning and rezoning of land ➤ Prevent land invasions 	More efficient land utilization and release state land.
Access to basic service delivery	Outcome 6	<ul style="list-style-type: none"> ➤ Provision of electricity ➤ Roads and storm water control 	Reliable infrastructure services
Local Economic Development	Outcome 7,4 &11	<ul style="list-style-type: none"> ➤ Creation of jobs ➤ Support to emerging businesses (SMME"s) ➤ Promote tourism 	Improved employment and municipal economy
Financial sound management	Outcome 9 &12	<ul style="list-style-type: none"> ➤ Financial management and planning ➤ Comply with legal financial requirements ➤ Revenue enhancement 	Sound financial management
Good Governance and public participation	Outcome 9	<ul style="list-style-type: none"> ➤ Community participations ➤ Intergovernmental relations 	Full participation of all structures and communities
Organizational Development	Outcome 9	<ul style="list-style-type: none"> ➤ Human resource development and management ➤ Organizational structure development 	Vibrant institution

		➤ Executive and Council support	
Social services	Outcome 1 , 2 &10	➤ Education support and co-ordination ➤ Facilitation of health services ➤ Community development services	Improved community services

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the developmental priorities mentioned above.

Table 20 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Office of the Municipal Manager Accelerated provision of effective, efficient and quality services and encourage cooperative governance and the involvement of all other	To improve intergovernmental relations and public		678	790	800	890	890	890	934	967	1,018
Budget & Treasury Strategies to ensure financial stability by raising revenue strategies, asset management, financial management, enhance cost	Inculcate and improve financial sustainability and management		116,165	133,363	154,197	190,133	176,927	176,927	208,195	256,359	262,819
Corporate Services Develop information technology system, secretarial support, legal support, administrative of all municipal support and training for municipal workers.	To ensure institutional viability through effectiveness and efficiency		120	388	276	277	127	127	100	105	111
Community Services To render comprehensive primary health care services, fight spread of HIV/AIDS, promote sports activities and library information services to the entire community of EMLM. To ensure that all citizens living in EMLM and passing through EMLM are safe and adhere to all provisions of National Road Traffic Act.	To improve the social livelihood to all EMLM communities through community safety, law enforcement, sports and recreation, disaster management, cemeteries and public		9,025	9,241	8,894	9,947	9,732	9,732	15,642	16,487	17,377
Technical Services Provide quality and sustainable electrical services, maintain road networks and storm water drainage system for all the community of EMLM, waste management services in an effective manner, and parks and cemetery development in order to protect human health and well being environment.	To provide high level of infrastructure and basic services		69,157	83,997	92,001	115,887	116,157	116,157	111,575	125,616	123,416
Development Planning Encouraging the creation of job opportunities, SMME's development, provide for proper service to all the EMLM resident, and land use management for all the community of EMLM and promote agricultural development.	To ensure proper land use and human settlement.		5	8	15	66	94	94	181	191	201
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			195,149	227,787	256,183	317,199	303,926	303,926	336,627	399,725	404,942

Table 21 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Executive & Council Strive to build a united, non racial, non sexist, competitive and prosperous community and contribute towards building a metropole from of government.	To improve intergovernmental relations and public participation	20,399	23,963	21,554	26,884	27,882	27,882	25,227	26,590	28,026
Office of the Municipal Accelerated provision of effective, efficient and quality services and encourage cooperative governance and the involvement of all other stakeholders to provide a better life for all.	To ensure institutional viability through effectiveness and efficiency	7,752	4,328	5,349	7,436	8,049	8,049	9,165	9,695	10,256
Budget & Treasury Strategies to ensure financial stability by raising revenue strategies, asset management, financial management, enhance cost effectiveness and capital investment programmes.	Inculcate and improve financial sustainability and management	45,195	59,995	53,731	62,127	59,673	59,673	66,779	70,510	74,429
Corporate Services Develop information technology system, secretarial support, legal support, administrative of all municipal support and training for municipal workers	To ensure institutional viability through effectiveness and efficiency	14,578	18,450	27,250	45,653	47,167	47,167	44,192	46,878	49,563
Community Services To render comprehensive primary health care services, fight spread of HIV/AIDS, promote srac activities and library information services to To ensure that all citizens living in EMLM and passing through EMLM are safe and adhere to all provisions of National Road Traffic Act.	To improve the social livelihood to all EMLM communities through community safety, law enforcement, sports and recreation, disaster management, cemeteries and public facilities	30,221	35,799	34,154	54,524	53,344	53,344	69,800	73,382	77,441
Technical Services Provide quality and sustainable electrical services, maintain road networks and storm water drainage system for all the community of EMLM, waste management services in an effective manner, and parks and cemetery development in order to protect human health and well being environment.	To provide high level of infrastructure and basic services	41,094	54,344	58,709	83,108	85,190	85,190	76,196	80,349	84,541
Strategic Development To ensure high quality of performance management, monitoring and evaluation.	To improve intergovernmental relations and public participation				4,153	5,161	5,161	5,483	5,814	6,166
Allocations to other priorities										
Total Expenditure		165,303	204,273	207,004	291,068	292,597	292,597	302,498	319,212	336,775

Table 22 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
Office of the Municipal Manager			16,769								
Accelerated provision of effective, efficient and quality services and encourage cooperative governance and the involvement of all other stakeholders to provide a better life for all.	To ensure institutional viability through effectiveness and efficiency										
Budget & Treasury Strategies to ensure financial stability by raising revenue strategies, asset management, financial management, enhance cost effectiveness and capital investment programmes.	Inculcate and improve financial sustainability and management		1,287				75	75	300	300	300
Corporate Services Develop information technology system, secretarial support, legal support, administrative of all municipal support and training for municipal workers.	To ensure institutional viability through effectiveness and efficiency		136			1,500	2,031	2,031	1,900	2,045	2,144
Community Services To render comprehensive primary health care services, fight spread of HIV/AIDS, promote sports activities and library information services to the entire community of EMLM.	To improve the social livelihood to all EMLM communities through community safety, law		263	2,993	1,067						
To ensure that all citizens living in EMLM and passing through EMLM are safe and adhere to all provisions of National Road Traffic Act.	Enforcement, sports and recreation, disaster management, cemeteries and public facilities										
Technical Services Provide quality and sustainable electrical services, maintain road networks and storm water drainage system for all the community of EMLM, waste management services in an effective manner, and parks and cemetery development in order to protect human health and well being environment.	To provide high level of infrastructure and basic services						54,604	54,604	69,890	93,880	88,145
Strategic Development To ensure high quality of performance management, monitoring and evaluation.	To improve intergovernmental relations and public participation		82,807	102,850	53,761	56,696	13,632	13,632			
Development Planning Encouraging the creation of job opportunities, SMME's development, provide for proper service to all the EMLM resident, and land use management for all the community of EMLM and promote agricultural development.	To ensure proper land use and human settlement, Building inspections, rural development and spatial planning				2,584	1,800	1,500	1,500			
Allocations to other priorities											
Total Capital Expenditure			101,262	105,843	57,412	59,996	71,842	71,842	72,090	96,225	90,589

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

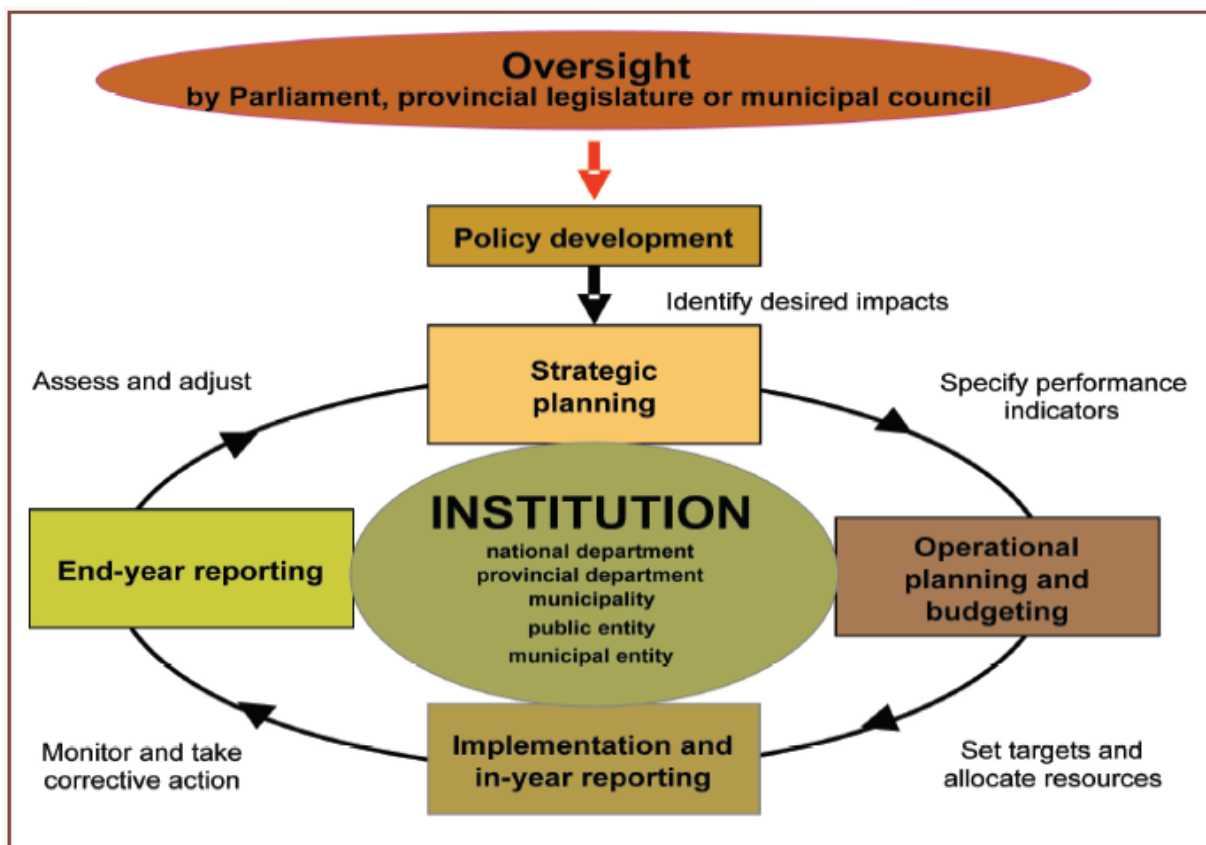


Figure 5Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting

stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 23MBRR Table SA7 - Measurable performance objectives

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Vote 1 - Municipal Manager									
Municipal Manager									
Municipal Manager									
<i>Municipal systems improvements grant</i>	678	790	800	890	890	890	934	967	1,018
Vote 2 - Budget and Treasury									
Finance									
Finance									
<i>Financial Management Grant</i>	1,000	1,250	1,500	1,550	1,550	1,550	1,600	1,650	1,700
<i>Valuations</i>				4,200	800	4,410	1,800	1,897	2,000
<i>Asset Management plan</i>				840	840	882	50	53	56
Vote 3 - Corporate Services									
Corporate Services									
ICT									
<i>Website maintenance</i>				100	65	221			
<i>Software and Licencing</i>					700	700	1,200	1,265	1,333
<i>IT Disaster recovery plan</i>					1,200	1,200	1,000	1,054	1,111
<i>IT Master plan</i>				1,000	1,000	1,000	–	–	–
<i>Network support and maintenance</i>				200	200	210	200	211	222
<i>Computers and printers</i>				800	1,331	1,331	1,000	1,054	1,111
Human Resources									
<i>Insert measure/s</i>									
Sub-function 3 -									
<i>Training</i>									
<i>Air conditioning</i>				200	200	200	250	264	278
<i>Office furniture</i>				500	450	450	500	527	555
<i>Other equipment</i>					50	50	150	200	200
Vote 5 - Technical Services									
Infrastructure									
Electricity									
Electrification	3,000	–		10,000	10,000	10,000	–	8,000	–
Infrastructure									
<i>Municipal Infrastructure Grant</i>	23,702	29,037	35,223	43,596	43,596	43,596	50,840	53,601	55,945
<i>EPWP</i>	–	1,095	1,200	1,000	1,000	1,000	1,187	–	–

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty in paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality.

For the 2014/15 financial year registered indigents have been provided for in the budget and the indigent-base is expected to steadily increase in the MTREF period. In terms of the Municipality's indigent policy registered households are entitled to 50 kwh of electricity, free waste removal, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in MBRR A10 (Basic Service Delivery Measurement) on.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in the past is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money, there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Policy

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.4.5 Budget Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Budget and Virement Policy was approved by Council in the past and was amended in 2013/14 financial year in respect of both Operating and Capital Budget Fund Transfers.

2.4.6 Cash Management and Investment Policy

The municipality's Cash Management and Investment Policy was amended by Council in February 2013. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

2.4.7 Tariff Policies

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation.

All the above policies are available on the municipality's website, as well as the following budget related policies:

- Basic Social Services Package (Indigent Policy), and
- Petty Cash Policy

2.5 Overview of budget assumptions

2.5.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration. Employee related costs comprise 35% of total operating expenditure in the 2014/15 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.5.3 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is budgeted as a percentage (95%) of annual billings. Cash flow is assumed to be 95 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.4 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.5 Salary increases

In terms of MFMA circular 72, the budgeted salaries and wages increase is 6.79% for 2014/15 and 6.4% for the outer years of MTREF.

2.5.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97% is achieved on operating expenditure and 95% on the capital programme for the 2014/15 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term and presents a deficit of R17, 011 million in 2014/15 that is attributed to inclusion of non-cash items in operating expenditure amounting to R38 million, the summary shows a surplus in the outer years.

Table 24 Breakdown of the operating revenue over the medium-term

Description	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
Property rates	31,000	10.86%	32,674	9.67%	34,438	9.88%
Service charges	67,079	23.50%	70,701	20.93%	74,519	21.37%
Interest earned - external investments	3,105	1.09%	3,273	0.97%	3,449	0.99%
Transfers recognised - operational	170,341	59.67%	216,460	64.07%	220,780	63.32%
Other revenue	13,962	4.89%	14,716	4.36%	15,510	4.45%
Total Revenue (excl' capital transf')	285,487	100%	337,824	100%	348,697	100%
Total Operating Expenditure	302,498		319,212		336,775	
Surplus/(Deficit)	(17,011)		18,612		11,922	

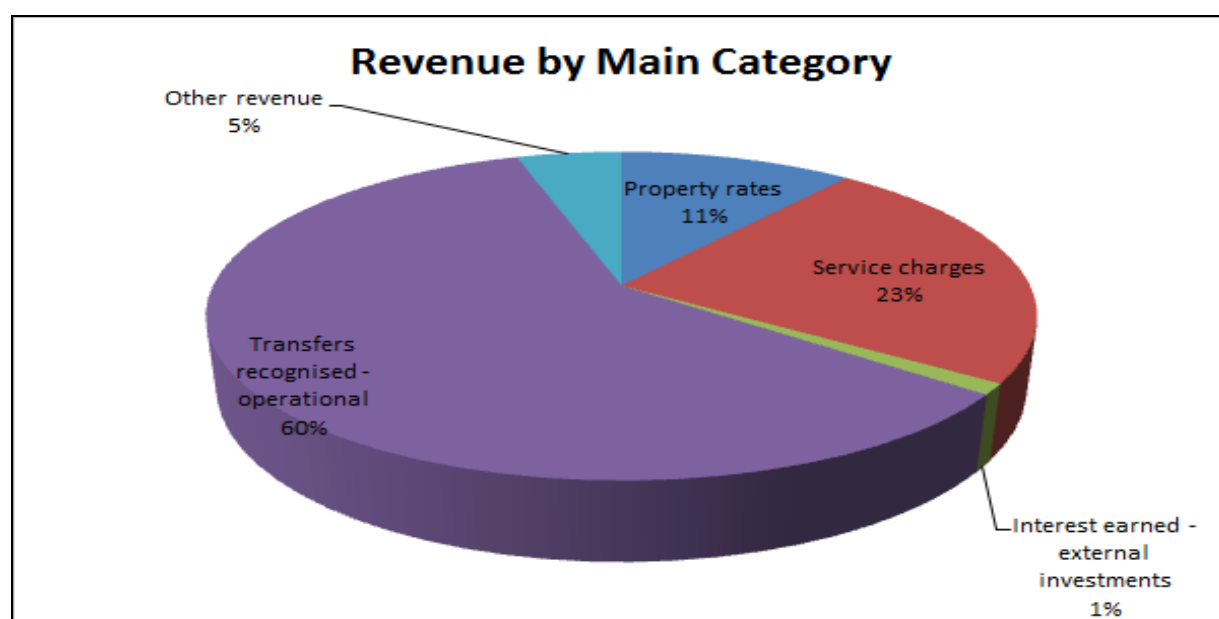


Figure 6 Breakdown of operating revenue over the 2014/15 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2014/15 MTREF on the different revenue categories are:

Table 25 Proposed tariff increases over the medium-term

Revenue Category	2014/15 Proposed Tariff Increase	2015/16 Proposed Tariff Increase	2016/17 Proposed Tariff Increase	2014/15 Additional Revenue for % increase	2015/16 Additional Revenue for % increase	2016/17 Additional Revenue for % increase
Property Rates	0%	0%	0%	-	-	-
Electricity	7%	7%	7%	11,200,000	3,142,800	3,312,511
Solid Waste	5%	6%	6%	3,233,000	331,722	349,635
Total				14,433,000	3,474,522	3,662,146

Revenue to be generated from property rates resulting from tariff increase is zero in the MTREF period. The increase in property rates is therefore attributed to increase in a number of ratable properties and increase in property values.

The municipality is still in a process of further data verification and validation relating to the valuation roll. In addition there are still outstanding objections, although significant progress

was made in dealing with these objections in the 2013/14 financial year. It is anticipated that the process will be concluded by the end of 2013/14 financial year. As the levying of property rates is considered a strategic revenue source a further supplementary valuation process will be undertaken in the 3rd quarter of each financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, refuse removal and other constitutes the biggest component of the revenue basket of the municipality totaling R67,079 million for the 2014/15 financial year and increasing to R74,519 million by 2016/17. For the 2014/15 financial year services charges amount to 23,50%.

Investment revenue contributes marginally to the revenue base of the municipality with a budget allocation of R3,105 million, R3,273 million and R3,449 million for the respective three financial years of the 2014/15 MTREF. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 26MBRR SA15 – Detail Investment Information

Investment type	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Parent municipality									
Securities - National Government	-	-	-	-	-	-	-	-	-
Listed Corporate Bonds	-	-	-	-	-	-	-	-	-
Deposits - Bank	-	-	10,400	15,000	15,000	15,000	66,667	70,267	74,061
Deposits - Public Investment Commissioners	-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits	-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates	-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks	-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)	-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks	-	-	-	-	-	-	-	-	-
Municipal Bonds	-	-	-	-	-	-	-	-	-
Municipality sub-total	-	-	10,400	15,000	15,000	15,000	66,667	70,267	74,061

Table 27MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	Yrs/Months										
Parent municipality											
NEDBANK-ACC NO: 03/7881068264/9	Months	Call-Deposit	Yes	Fixed	5.4	On request	10,437	486		5,000	15,923
SANLAM-ACC NO: 40-5756-1574	Months	Short term	Yes	Fixed	5.4	On request	317	15		200	532
NEDBANK	Months	Short term	Yes	Fixed	5.4	On request	30,913	1,440	(10,000)		22,353
ABSA	Months	Short term	Yes	Fixed	5.4	On request	20,000	931		3,000	23,931
ABSA	Months	Short term	Yes	Fixed	5.4	On request	5,000	233		1,000	6,233
Municipality sub-total							66,667	3,105	(10,000)	9,200	68,972

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted actual surplus of R20,989 million, R58,664 million and R64,136 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital programme:

Table 28 Sources of capital revenue over the MTREF

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funded by:									
National Government	26,702	29,037	35,223	53,596	53,671	53,671	51,141	61,901	56,245
Provincial Government	–	–	–	–	–	–	–	–	–
District Municipality	–	–	–	–	–	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	26,702	29,037	35,223	53,596	53,671	53,671	51,141	61,901	56,245
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	74,560	76,806	22,189	6,400	18,171	18,171	20,950	34,324	34,344
Total Capital Funding	101,262	105,843	57,412	59,996	71,842	71,842	72,091	96,225	90,589

The above table is graphically represented as follows for the 2011/12 financial year.

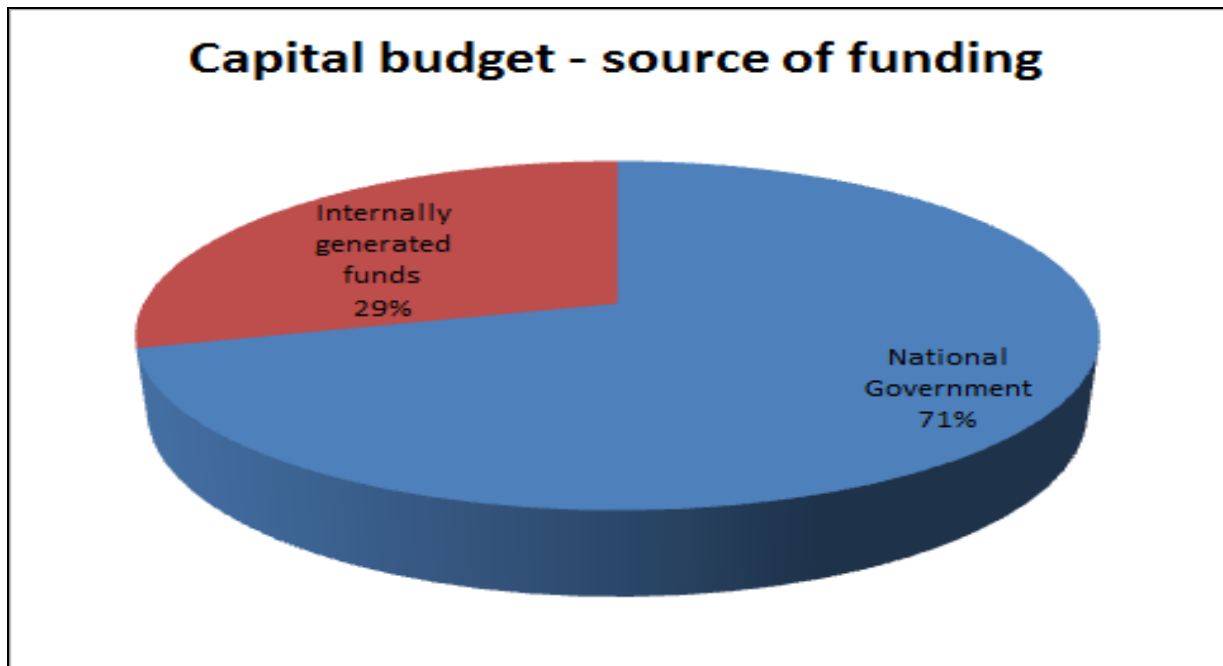


Figure 7 Sources of capital revenue for the 2014/15 financial year

Capital grants and receipts equates to 71% of the total funding source which represents R51,141 million for the 2014/15 financial year and steadily increase to R61,909 million in 2015/16 and decreases R56,245 million. Only 29% million of capital budget is funded from internally generated revenue.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 29 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
Operating Transfers and Grants									
National Government:	101,826	117,269	132,856	146,878	146,803	146,803	170,641	215,509	219,761
Local Government Equitable Share	100,149	114,134	129,556	143,438	143,438	143,438	166,920	212,892	217,043
Finance Management	1,000	1,250	1,500	1,550	1,475	1,475	1,600	1,650	1,700
Municipal Systems Improvement	678	790	800	890	890	890	934	967	1,018
EPWP Incentive	–	1,095	1,000	1,000	1,000	1,000	1,187	–	–
Provincial Government:	–	–	–	–	–	–	–	–	–
N/A									
District Municipality:	–	–	–	–	–	–	–	–	–
N/A									
Other grant providers:	–	–	–	–	–	–	–	–	–
<i>[insert description]</i>									
Total operating expenditure of Transfers and Grants:	101,826	117,269	132,856	146,878	146,803	146,803	170,641	215,509	219,761
Capital expenditure of Transfers and Grants									
National Government:	26,702	29,037	35,223	53,596	53,671	53,671	51,140	61,901	56,245
Municipal Infrastructure Grant (MIG)	23,702	29,037	35,223	43,596	43,596	43,596	50,840	53,601	55,945
Finance Management					75	75	300	300	300
Integrated National Electrification Grant	3,000	–	–	10,000	10,000	10,000	–	8,000	–
Provincial Government:	–	–	–	–	–	–	–	–	–
Other capital transfers/grants <i>[insert description]</i>									
District Municipality:	–	–	–	–	–	–	–	–	–
N/A									
Other grant providers:	–	–	–	–	–	–	–	–	–
N/A									
Total capital expenditure of Transfers and Grants	26,702	29,037	35,223	53,596	53,671	53,671	51,140	61,901	56,245
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	128,528	146,306	168,079	200,474	200,474	200,474	221,781	277,410	276,006

Table 30MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Operating transfers and grants:									
Operating Transfers and Grants									
Balance unspent at beginning of the year	693	1,108	-	-	-	-	-	-	-
Current year receipts	101,826	117,269	132,856	146,878	146,803	146,803	170,341	216,460	220,780
Conditions met - transferred to revenue	101,411	117,484	132,856	146,878	146,803	146,803	170,341	216,460	220,780
Conditions still to be met - transferred to liabilities	1,108	894	-	-	-	-	-	-	-
Provincial Government:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
District Municipality:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Other grant providers:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Total operating transfers and grants revenue	101,411	117,484	132,856	146,878	146,803	146,803	170,341	216,460	220,780
Total operating transfers and grants - CTBM	1,108	894	-	-	-	-	-	-	-
Capital transfers and grants:									
Operating Transfers and Grants									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	26,702	29,037	35,223	53,596	53,671	53,671	51,140	61,901	56,245
Conditions met - transferred to revenue	26,702	29,037	35,223	53,596	53,671	53,671	51,140	61,901	56,245
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Provincial Government:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
District Municipality:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Other grant providers:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Total capital transfers and grants revenue	26,702	29,037	35,223	53,596	53,671	53,671	51,140	61,901	56,245
Total capital transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	128,113	146,521	168,079	200,474	200,474	200,474	221,481	278,361	277,025
TOTAL TRANSFERS AND GRANTS - CTBM	1,108	894	-	-	-	-	-	-	-

Table 31MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Summary of Employee and Councillor remuneration	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Councillors (Political Office Bearers plus Other)</u>									
Basic Salaries and Wages	10,341	10,658	11,474	11,035	11,035	11,035	10,586	11,158	11,760
Pension and UIF Contributions	339	250	107	128	128	128	1,417	1,493	1,574
Medical Aid Contributions	163	123	35	35	35	35	301	317	334
Motor Vehicle Allowance	3,159	3,315	3,208	3,717	3,717	3,717	4,066	4,285	4,517
Cellphone Allowance	–	–	–	–	–	–	–	–	–
Housing Allowances	5	2	–	–	–	–	–	–	–
Other benefits and allowances	194	127	7	143	143	143	–	–	–
Sub Total - Councillors	14,201	14,476	14,831	15,058	15,058	15,058	16,370	17,254	18,185
% increase		1.9%	2.5%	1.5%	–	–	8.7%	5.4%	5.4%
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages	2,289	2,091		4,793	4,793	4,793	5,131	5,459	5,808
Pension and UIF Contributions	208	126		363	363	363	400	426	453
Medical Aid Contributions	18	18		38	38	38	–		
Overtime	–	–		–	–	–	–		
Performance Bonus	–	–		–	–	–	–		
Motor Vehicle Allowance	401	339		1,062	1,062	1,062	1,292	1,374	1,462
Cellphone Allowance	–	–		–	–	–	–		
Housing Allowances	–	–		–	–	–	–		
Other benefits and allowances	–	–		51	51	51	56	60	63
Payments in lieu of leave	–	–		55	55	55	60	64	68
Long service awards	–	–		–	–	–			
Post-retirement benefit obligations	–	–		–	–	–			
Sub Total - Senior Managers of Municipality	2,917	2,573	–	6,363	6,363	6,363	6,938	7,382	7,855
% increase		(11.8%)	(100.0%)	–	–	–	9.0%	6.4%	6.4%
<u>Other Municipal Staff</u>									
Basic Salaries and Wages	33,046	33,275	43,496	62,440	60,336	60,336	67,498	71,300	75,509
Pension and UIF Contributions	5,373	7,175	8,606	12,617	11,128	11,128	15,198	15,965	16,781
Medical Aid Contributions	1,729	2,009	2,493	6,865	6,562	6,562	3,041	3,041	3,041
Overtime	1,342	1,145	568	858	809	809	675	712	750
Performance Bonus	224	198	–	100	100	100	–	–	–
Motor Vehicle Allowance	3,111	4,079	3,453	4,480	3,746	3,746	4,901	5,215	5,548
Cellphone Allowance	0	0	(0)	58	58	58			
Housing Allowances	28	40	43	149	138	138	120	120	120
Other benefits and allowances	–	–	–	–	2,578	2,578	7,609	8,191	8,692
Payments in lieu of leave	–	–	–	–	1,361	1,361	855	901	949
Long service awards	3,405	3,757	3,577	4,384	4,974	4,974			
Post-retirement benefit obligations	2,304	2,004	–	1,300	1,300	1,300			
Sub Total - Other Municipal Staff	50,563	53,680	62,237	93,250	93,089	93,089	99,898	105,444	111,390
% increase		6.2%	15.9%	49.8%	(0.2%)	–	7.3%	5.6%	5.6%
Total Parent Municipality	67,680	70,729	77,068	114,670	114,509	114,509	123,206	130,080	137,431
		4.5%	9.0%	48.8%	(0.1%)	–	7.6%	5.6%	5.7%
TOTAL SALARY, ALLOWANCES & BENEFITS	67,680	70,729	77,068	114,670	114,509	114,509	123,206	130,080	137,431
TOTAL MANAGERS AND STAFF	53,479	56,253	62,237	99,612	99,451	99,451	106,836	112,826	119,245

Table 32 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers	2012/13			Current Year 2013/14			Budget Year 2014/15		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	60	60		60	60	–	60	–	60
Board Members of municipal entities							–	–	–
Municipal employees									
Municipal Manager and Senior Managers	7	–	4	7	–	5	7	–	7
Other Managers							28	24	4
Professionals	23	18	2	35	24	8	17	15	2
Finance	6	6	–	6	6		8	8	–
Spatial/town planning	3	2	–	3	2	1	2	1	1
Information Technology	1	1	–	1	1	–	–	–	–
Roads	3	1	1	4	1	4	1	1	–
Electricity	2	2	–	2	1	1	1	1	
Water	–	–	–				–	–	–
Sanitation	–	–	–	1	1	–	–	–	–
Refuse	1	–	–	1	1	–	–	–	–
Other	7	6	1	17	11	2	5	4	1
Technicians	119	109	1	111	82	–	60	58	2
Finance	–	–	–	19	18	–	7	7	–
Spatial/town planning	2	2	–	4	4	–	4	4	–
Information Technology	2	2	–	4	2	–	7	7	–
Roads	2	2	–			–	–	–	–
Electricity	3	3	–	1	1	–	5	5	–
Water	–	–	–			–	–	–	–
Sanitation	–	–	–	2	2	–	–	–	–
Refuse	2	2	–			–	7	7	–
Other	108	98	1	81	55	–	30	28	2
Clerks (Clerical and administrative)	96	92	3	201	122	–	76	71	5
Service and sales workers	9	9	–			–	7	7	–
Skilled agricultural and fishery workers	–	–	–			–	–	–	–
Craft and related trades	–	–	–			–	–	–	–
Plant and Machine Operators	27	27	–	11	11	–	–	–	–
Elementary Occupations			5			–	212	210	2
TOTAL PERSONNEL NUMBERS	341	315	15	425	299	13	467	385	82
% increase				24.6%	(5.1%)	(13.3%)	9.9%	28.8%	530.8%
Total municipal employees headcount	281	255	15	365	239	13	407	385	22
Finance personnel headcount	38	33	2	38	34	2	43	41	2
Human Resources personnel headcount	6	5	–	6	5	–	9	9	–

Table 33 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand															
Revenue By Source	2,398	2,717	2,257	2,470	2,791	2,374	2,257	2,575	2,791	2,791	2,791	(28,209)	-	-	-
Property rates	-	-	-	-	-	-	-	-	-	-	-	31,000	31,000	32,674	34,438
Property rates - penalties & collection charges	4,502	5,101	4,237	4,637	5,239	4,457	4,237	4,834	5,239	5,239	5,239	(52,961)	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	58,200	58,200	61,343	64,655
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	475	538	447	489	553	470	447	510	553	553	553	(5,590)	-	-	-
Service charges - refuse revenue	212	240	199	218	246	210	199	227	246	246	246	3,653	6,143	6,475	6,824
Service charges - other	80	91	75	82	93	79	75	86	93	93	93	1,794	2,736	2,884	3,039
Rental of facilities and equipment	240	272	226	247	280	238	226	258	280	280	280	(1,790)	1,035	1,091	1,150
Interest earned - external investments	387	438	364	398	450	383	364	415	450	450	450	(1,445)	3,105	3,273	3,449
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	5,000	5,000	5,270	5,555
Dividends received	78	89	74	80	91	77	74	84	91	91	91	(919)	-	-	-
Fines	426	483	401	439	496	422	401	458	496	496	496	(4,006)	1,010	1,065	1,122
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	5,513	5,513	5,810	6,124
Agency services	14,175	14,210	14,159	14,183	14,218	14,172	14,159	14,194	14,218	14,218	14,218	(156,123)	-	-	-
Transfers recognised - operational	109	123	102	112	126	108	102	117	126	126	126	169,063	170,341	216,460	220,780
Other revenue	-	-	-	-	-	-	-	-	-	-	-	1,404	1,404	1,480	1,560
Gains on disposal of PPE	23,082	24,302	22,542	23,357	24,583	22,989	22,541	23,758	24,583	24,583	24,583	24,583	285,487	337,824	348,697
Expenditure By Type	8,276	8,006	8,164	9,039	8,714	13,709	9,490	8,780	8,164	8,164	8,164	(98,672)	-	-	-
Employee related costs	1,261	1,220	1,244	1,378	1,328	2,090	1,446	1,338	1,244	1,244	1,244	91,797	106,836	112,826	119,245
Remuneration of councillors	225	230	235	239	242	246	250	252	260	268	272	13,564	16,283	17,163	18,090
Debt impairment	2,626	2,683	2,736	2,785	2,822	2,871	2,920	2,942	3,031	3,129	3,178	(28,723)	3,000	3,162	3,333
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-	-	-	35,000	35,000	36,890	38,882
Finance charges	3,526	3,603	3,674	3,740	3,789	3,855	3,921	3,951	4,070	4,202	4,268	(42,600)	-	-	-
Bulk purchases	137	139	142	145	147	152	152	153	157	162	164	45,349	47,000	49,538	52,213
Other materials	788	805	821	836	847	861	876	883	909	939	953	(7,697)	1,820	1,918	2,022
Contracted services	915	935	954	971	984	1,001	1,018	1,026	1,056	1,091	1,108	(558)	10,500	11,067	11,665
Transfers and grants	5,241	5,355	5,461	5,559	5,616	5,732	5,829	5,872	6,049	6,245	6,343	(51,103)	12,200	12,859	13,553
Other expenditure	-	-	-	-	-	-	-	-	-	-	-	69,858	69,858	73,789	77,773
Loss on disposal of PPE	22,996	22,975	23,431	24,691	24,489	30,518	25,904	25,196	24,941	25,445	25,696	26,216	302,498	319,212	336,775
Total Expenditure	86	1,327	(889)	(1,334)	94	(7,529)	(3,362)	(1,438)	(358)	(862)	(1,113)	(1,633)	(17,011)	18,612	11,922
Surplus/(Deficit)	234	504	2,929	4,665	8,056	2,041	-	4,312	2,267	9,374	4,169	(55,562)	(17,011)	18,612	11,922
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	51,140	51,140	61,901	56,245
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	320	1,831	2,040	3,331	8,150	(5,488)	(3,362)	2,874	1,909	8,513	3,056	(6,055)	17,119	99,125	80,088
Surplus/(Deficit) after capital transfers & contributions	-	-	-	-	-	-	-	-	-	-	-	34,129	34,129	80,513	68,167
Surplus/(Deficit) after taxation	-	-	-	-	-	-	-	-	-	-	-	34,129	34,129	80,513	68,167
Surplus/(Deficit)	-	-	-	-	-	-	-	-	-	-	-	34,129	34,129	80,513	68,167
Surplus/(Deficit)	320	1,831	2,040	3,331	8,150	(5,488)	(3,362)	2,874	1,909	8,513	3,056	96,333	119,506	340,665	284,588

Table 34MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2014/15												Medium Term Revenue and		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Multi-year expenditure to be appropriated															
Vote 1 - Executive & Council												-	-	-	-
Vote 2 - Office of the Municipal Manager												-	-	-	-
Vote 3 - Budget & Treasury		100		70		50		50		30		-	300	300	300
Vote 4 - Corporate Services		100	200	335	135	190	140	90	185	140	155	230	1,900	2,045	2,144
Vote 5 - Community Services												-	-	-	-
Vote 6 - Technical Services	130	284	1,865	4,267	8,314	1,773	750	3,875	3,916	7,770	3,560	10,326	46,829	76,751	84,145
Vote 7 - Strategic Development												-	-	-	-
Vote 8 - Development Planning												-	-	-	-
Capital multi-year expenditure sub-total	130	484	2,065	4,672	8,449	2,013	890	4,015	4,101	7,940	3,715	10,556	49,029	79,096	86,589
Single-year expenditure to be appropriated															
Vote 1 - Executive & Council												-	-	-	-
Vote 2 - Office of the Municipal Manager												-	-	-	-
Vote 3 - Budget & Treasury												-	-	-	-
Vote 4 - Corporate Services												-	-	-	-
Vote 5 - Community Services												-	-	-	-
Vote 6 - Technical Services	104	330	1,255	2,171	3,650	1,250	100	1,819	1,113	4,118	1,779	5,372	23,061	17,129	4,000
Vote 7 - Strategic Development												-	-	-	-
Vote 8 - Development Planning												-	-	-	-
Capital single-year expenditure sub-total	104	330	1,255	2,171	3,650	1,250	100	1,819	1,113	4,118	1,779	5,372	23,061	17,129	4,000
Total Capital Expenditure	234	814	3,320	6,843	12,098	3,263	990	5,834	5,214	12,058	5,494	15,928	72,090	96,225	90,589

Table 35 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2014/15												Medium Term Revenue and		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard															
Governance and administration	17,160	17,692	16,968	17,327	17,692	17,177	16,968	17,449	17,692	17,722	17,692	17,692	209,229	257,432	263,948
Executive and council	72	82	68	74	84	72	68	78	84	84	84	84	934	967	1,018
Budget and treasury office	17,080	17,601	16,893	17,245	17,598	17,098	16,893	17,363	17,598	17,628	17,598	17,598	208,195	256,359	262,819
Corporate services	8	9	7	8	9	8	7	8	9	9	9	9	100	105	111
Community and public safety	706	800	665	728	822	699	665	758	822	822	822	822	9,131	9,624	10,144
Community and social services	198	224	186	204	230	196	186	213	230	230	230	230	2,558	2,697	2,842
Sport and recreation													-	-	-
Public safety	508	576	478	524	592	503	478	546	592	592	592	592	6,573	6,927	7,301
Economic and environmental services	360	547	3,047	4,725	8,203	2,115	118	4,397	2,413	9,491	4,316	12,735	52,466	55,315	57,751
Planning and development	14	16	13	14	16	14	13	15	16	16	16	16	181	191	201
Road transport	346	531	3,034	4,710	8,186	2,102	105	4,382	2,397	9,474	4,300	12,719	52,285	55,124	57,550
Trading services	5,090	5,767	4,790	5,243	5,923	5,039	4,790	5,465	5,923	5,923	5,923	5,923	65,801	77,354	73,099
Electricity	4,586	5,197	4,316	4,724	5,337	4,540	4,316	4,925	5,337	5,337	5,337	5,337	59,290	70,492	65,866
Water													-	-	-
Waste water management													-	-	-
Waste management	504	571	474	519	586	499	474	541	586	586	586	586	6,511	6,863	7,233
Other													-	-	-
Total Revenue - Standard	23,316	24,806	25,470	28,022	32,639	25,030	22,541	28,070	26,850	33,957	28,753	37,172	336,627	399,725	404,942
Expenditure - Standard															
Governance and administration	11,037	11,050	11,269	11,837	11,771	14,406	12,418	12,118	12,042	12,300	12,429	12,686	145,363	153,672	162,273
Executive and council	2,630	2,801	2,653	2,839	2,792	3,784	2,979	2,853	2,771	2,810	2,830	2,869	34,392	36,284	38,282
Budget and treasury office	5,044	5,095	5,196	5,384	5,397	6,121	5,647	5,587	5,641	5,790	5,864	6,013	66,779	70,510	74,429
Corporate services	3,363	3,354	3,421	3,614	3,581	4,521	3,792	3,678	3,630	3,700	3,735	3,804	44,192	46,878	49,563
Community and public safety	4,580	4,517	4,606	4,951	4,840	6,686	5,196	4,953	4,785	4,845	4,875	4,951	59,786	62,782	66,218
Community and social services	1,749	1,695	1,729	1,908	1,827	2,859	2,003	1,859	1,737	1,739	1,740	1,759	22,606	24,084	25,561
Sport and recreation	34	33	34	38	36	57	40	37	34	34	34	34	445	472	499
Public safety	2,796	2,788	2,843	3,006	2,977	3,770	3,153	3,057	3,015	3,072	3,101	3,158	36,736	38,226	40,157
Economic and environmental services	2,161	2,121	2,163	2,342	2,288	3,263	2,459	2,326	2,226	2,247	2,258	2,279	28,132	29,726	31,225
Planning and development	859	837	854	934	907	1,352	980	918	868	873	875	880	11,138	11,808	12,521
Road transport	1,302	1,283	1,309	1,409	1,381	1,912	1,478	1,407	1,358	1,374	1,382	1,399	16,994	17,918	18,704
Environmental protection													-	-	-
Trading services	5,219	5,287	5,392	5,560	5,590	6,162	5,831	5,799	5,887	6,052	6,135	6,300	69,215	73,031	77,059
Electricity	4,454	4,529	4,619	4,736	4,778	5,086	4,966	4,967	5,076	5,229	5,305	5,457	59,202	62,431	65,837
Water													-	-	-
Waste water management													-	-	-
Waste management	765	758	773	824	813	1,076	865	831	811	824	830	843	10,013	10,600	11,223
Other													-	-	-
Total Expenditure - Standard	22,996	22,975	23,431	24,691	24,489	30,518	25,904	25,196	24,941	25,445	25,596	26,216	302,498	319,212	336,775
Surplus/(Deficit) before assoc.	320	1,831	2,040	3,331	8,150	(5,488)	(3,362)	2,874	1,909	8,513	3,056	10,956	34,129	80,513	68,167
Surplus/(Deficit)	320	1,831	2,040	3,331	8,150	(5,488)	(3,362)	2,874	1,909	8,513	3,056	10,956	34,129	80,513	68,167

Table 36 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2014/15												Medium Term Revenue and		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Multi-year expenditure to be appropriated															
Vote 1 - Executive & Council												-	-	-	-
Vote 2 - Office of the Municipal Manager												-	-	-	-
Vote 3 - Budget & Treasury		100		70		50		50		30		-	300	300	300
Vote 4 - Corporate Services		100	200	335	135	190	140	90	185	140	155	230	1,900	2,045	2,144
Vote 5 - Community Services												-	-	-	-
Vote 6 - Technical Services	130	284	1,865	4,267	8,314	1,773	750	3,875	3,916	7,770	3,560	10,326	46,829	76,751	84,145
Vote 7 - Strategic Development												-	-	-	-
Vote 8 - Development Planning												-	-	-	-
Capital multi-year expenditure sub-total	130	484	2,065	4,672	8,449	2,013	890	4,015	4,101	7,940	3,715	10,556	49,029	79,096	86,589
Single-year expenditure to be appropriated															
Vote 1 - Executive & Council												-	-	-	-
Vote 2 - Office of the Municipal Manager												-	-	-	-
Vote 3 - Budget & Treasury												-	-	-	-
Vote 4 - Corporate Services												-	-	-	-
Vote 5 - Community Services												-	-	-	-
Vote 6 - Technical Services	104	330	1,255	2,171	3,650	1,250	100	1,819	1,113	4,118	1,779	5,372	23,061	17,129	4,000
Vote 7 - Strategic Development												-	-	-	-
Vote 8 - Development Planning												-	-	-	-
Capital single-year expenditure sub-total	104	330	1,255	2,171	3,650	1,250	100	1,819	1,113	4,118	1,779	5,372	23,061	17,129	4,000
Total Capital Expenditure	234	814	3,320	6,843	12,098	3,263	990	5,834	5,214	12,058	5,494	15,928	72,090	96,225	90,589

Table 37 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2014/15												Medium Term Revenue and		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Expenditure - Standard															
Governance and administration	-	200	200	405	135	240	140	140	185	170	155	230	2,200	2,345	2,444
Executive and council												-	-	-	-
Budget and treasury office		100		70		50		50		30		-	300	300	300
Corporate services		100	200	335	135	190	140	90	185	140	155	230	1,900	2,045	2,144
Community and public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services												-	-	-	-
Economic and environmental services	234	604	2,962	5,923	10,965	2,793	150	5,309	4,445	10,943	4,853	14,560	63,740	79,030	82,945
Planning and development		100		150		120	100			130		-	600	-	-
Road transport	234	504	2,962	5,773	10,965	2,673	50	5,309	4,445	10,813	4,853	14,560	63,140	79,030	82,945
Environmental protection												-	-	-	-
Trading services	-	10	158	515	998	230	700	385	584	945	487	1,138	6,150	14,850	5,200
Electricity	-	10	158	515	998	230	700	385	584	945	487	1,138	6,150	14,850	5,200
Other												-	-	-	-
Total Capital Expenditure	234	814	3,320	6,843	12,098	3,263	990	5,834	5,214	12,058	5,494	15,928	72,090	96,225	90,589
Funded by:															
National Government	234	504	2,929	4,665	8,056	2,041	-	4,312	2,267	9,374	4,169	12,588	51,140	61,901	56,245
Transfers recognised - capital	234	504	2,929	4,665	8,056	2,041	-	4,312	2,267	9,374	4,169	12,588	51,140	61,901	56,245
Internally generated funds		310	391	2,178	4,042	1,222	990	1,522	2,947	2,683	1,325	3,339	20,950	34,324	34,344
Total Capital Funding	234	814	3,320	6,843	12,098	3,263	990	5,834	5,214	12,058	5,494	15,928	72,090	96,225	90,589

Table 38 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Budget Year 2014/15	Budget Year+1 2015/16	Budget Year+2 2016/17
Cash Receipts By Source															
Property rates	2,398	2,717	2,257	2,470	2,791	2,374	2,257	2,575	2,791	2,791	2,791	2,791	31,000	32,674	33,438
Property rates - penalties & collection charges													-	-	-
Service charges - electricity revenue	4,000	4,101	4,237	4,637	4,839	4,357	4,237	4,834	5,139	5,239	5,239	5,171	56,030	57,170	58,255
Service charges - water revenue													-	-	-
Service charges - sanitation revenue													-	-	-
Service charges - refuse revenue	475	538	447	489	553	470	447	510	553	553	553	553	6,143	6,475	6,824
Service charges - other	212	240	199	218	246	210	199	227	246	246	246	246	2,736	2,884	3,039
Rental of facilities and equipment	80	91	75	82	93	79	75	86	93	93	93	93	1,035	1,091	1,150
Interest earned - external investments	240	272	226	247	280	238	226	258	280	280	280	280	3,105	3,273	3,449
Interest earned - outstanding debtors	387	438	364	398	450	383	364	415	450	450	450	450	5,000	5,270	5,555
Dividends received													-	-	-
Fines	78	89	74	80	91	77	74	84	91	91	91	91	1,010	1,065	1,122
Licences and permits	426	483	401	439	496	422	401	458	496	496	496	496	5,513	5,810	6,124
Agency services													-	-	-
Transfer receipts - operational	14,175	14,210	14,159	14,183	14,218	14,172	14,159	14,194	14,218	14,218	14,218	14,218	170,341	216,460	220,780
Other revenue	109	123	102	112	126	108	102	117	126	126	126	126	1,404	1,480	1,560
Cash Receipts by Source	22,580	23,302	22,542	23,357	24,183	22,889	22,541	23,758	24,483	24,583	24,583	24,515	283,317	333,651	341,297
Other Cash Flows by Source															
Transfer receipts - capital	234	504	2,929	4,665	8,056	2,041	-	4,312	2,267	9,374	4,169	12,588	51,140	61,901	56,245
Contributions recognised - capital & Contributed assets													-	-	-
Proceeds on disposal of PPE						3,000	1,000					1,000	5,000	400	1,800
Increase (decrease) in consumer deposits	20	30	(150)	35	41	24	188	32	120	150	(175)	185	500	500	1,000
Total Cash Receipts by Source	22,834	23,836	25,320	28,057	32,280	27,954	23,729	28,102	26,870	34,107	28,578	38,288	339,957	396,452	400,342
Cash Payments by Type															
Employee related costs	8,276	8,006	8,164	9,039	8,714	13,709	9,490	8,780	8,164	8,164	8,164	8,164	106,836	112,826	119,245
Remuneration of councillors	1,261	1,220	1,244	1,378	1,328	2,090	1,446	1,338	1,244	1,244	1,244	1,244	16,283	17,163	18,090
Finance charges													-	-	-
Bulk purchases - Electricity	3,526	3,603	3,674	3,740	3,789	3,855	3,921	3,951	4,070	4,202	4,268	4,400	47,000	49,538	52,213
Bulk purchases - Water & Sewer													-	-	-
Other materials	137	139	142	145	147	152	152	153	157	162	164	169	1,820	1,918	2,022
Contracted services	788	805	821	836	847	861	876	883	909	939	953	983	10,500	11,067	11,665
Transfers and grants - other municipalities													-	-	-
Transfers and grants - other	915	935	954	971	984	1,001	1,018	1,026	1,056	1,091	1,108	1,142	12,200	12,859	13,553
Other expenditure	5,241	5,355	5,461	5,559	5,616	5,732	5,829	5,872	6,049	6,245	6,343	6,556	69,858	89,486	90,373
Cash Payments by Type	20,145	20,062	20,460	21,667	21,425	27,400	22,733	22,002	21,651	22,047	22,246	22,659	264,498	294,858	307,160
Other Cash Flows/Payments by Type															
Capital assets	234	814	3,320	6,843	12,098	3,263	990	5,834	5,214	12,058	5,494	15,928	72,090	96,225	90,589
Total Cash Payments by Type	20,379	20,876	23,780	28,511	33,524	30,663	23,723	27,836	26,865	34,105	27,740	38,586	336,588	391,082	397,749
NET INCREASE/(DECREASE) IN CASH HELD	2,455	2,960	1,541	(453)	(1,243)	(2,710)	6	266	6	2	837	(298)	3,369	5,370	2,592
Cash/cash equivalents at the month/year begin:	20,000	22,455	25,415	26,955	26,502	25,259	22,549	22,555	22,821	22,827	22,829	23,667	20,000	23,369	28,739
Cash/cash equivalents at the month/year end:	22,455	25,415	26,955	26,502	25,259	22,549	22,555	22,821	22,827	22,829	23,667	23,369	23,369	28,739	31,331

Table 39 MBRR SA32–List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
WENZILE PHAPHAMA SECURITY SERVICES	Yrs	3	Security Service	30/06/2016	6,681
NOKENG RORA JOINT VENTURE	Yrs	3	Refuse Removal	30/11/2014	3,420

2.8 Capital expenditure details

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 40 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	99,618	102,911	–	49,706	62,389	62,389	50,239	61,530	44,500
Infrastructure - Road transport	82,394	85,750	–	37,606	47,638	47,638	48,239	48,530	44,500
Roads, Pavements & Bridges	82,394	85,750		37,606	47,638	47,638	46,739	39,030	32,500
Storm water							1,500	9,500	12,000
Infrastructure - Electricity	–	–	–	10,600	14,751	14,751	2,000	13,000	–
Generation				10,600	14,751	14,751		8,000	
Transmission & Reticulation							2,000	5,000	–
Street Lighting									–
Infrastructure - Other	17,224	17,161	–	1,500	–	–	–	–	–
Other	17,224	17,161		1,500					
Community	263	2,933	–	1,800	300	300	–	–	–
Other	263	2,933		1,800	300	300			
Other assets	1,380	–	–	5,490	2,106	2,106	600	–	–
Computers - hardware/equipment				800	1,406	1,406			
Furniture and other office equipment				500	500	500			
Civic Land and Buildings				3,990	–	–			
Other	1,380			200	200	200	600		
Total Capital Expenditure on new assets	101,261	105,844	–	56,996	64,795	64,795	50,839	61,530	44,500

Table 41 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	-	-	3,000	5,547	5,547	17,751	27,650	38,645
Infrastructure - Road transport	-	-	-	3,000	3,500	3,500	13,601	26,500	33,445
Roads, Pavements & Bridges				3,000	3,500	3,500	13,601	26,500	33,445
Storm water									
Infrastructure - Electricity	-	-	-	-	-	-	4,150	1,150	5,200
Generation									
Transmission & Reticulation							4,150	1,150	5,200
Infrastructure - Other	-	-	-	-	2,047	2,047	-	-	-
Waste Management					2,047	2,047			
Community	-	-	-	-	1,500	1,500	-	-	-
Other					1,500	1,500			
Other assets	-	-	-	-	-	-	3,500	7,045	7,444
General vehicles							200	700	
Plant & equipment							800	4,000	5,000
Computers - hardware/equipment							1,300	1,354	1,411
Furniture and other office equipment							500	527	555
Other Buildings							300		
Other							400	464	478
Total Capital Expenditure on renewal of existing assets	-	-	-	3,000	7,047	7,047	21,251	34,695	46,089

Table 42MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Repairs and maintenance</u>									
<u>Infrastructure</u>	1,841	2,318	3,242	3,890	4,128	4,128	2,700	2,846	2,999
Infrastructure - Road transport	–	–	2,636	1,490	1,500	1,500	1,200	1,265	1,333
<i>Roads, Pavements & Bridges</i>			2,636	990	1,000	1,000	1,000	1,054	1,111
<i>Storm water</i>				500	500	500	200	211	222
Infrastructure - Electricity	–	–	606	900	1,000	1,000	1,000	1,054	1,111
<i>Generation</i>			606	900					
<i>Transmission & Reticulation</i>					1,000	1,000	1,000	1,054	1,111
Infrastructure - Other	1,841	2,318	–	1,500	1,628	1,628	500	527	555
<i>Waste Management</i>				1,500	1,628	1,628	500	527	555
<i>Other</i>	1,841	2,318							
<u>Community</u>	–	–	1,874	–	100	100	6	6	7
Community halls					100	100	6	6	7
Other			1,874						
<u>Other assets</u>	1,653	1,101	–	3,883	4,980	4,980	4,631	4,881	5,144
General vehicles				187	37	37	2,836	2,989	3,150
Specialised vehicles	–	–	–	–	–	–	–	–	–
Plant & equipment				632	2,000	2,000	500	527	555
Furniture and other office equipment				–	2	2			
Other Buildings				–	1,065	1,065	560	590	622
Other	1,653	1,101		3,064	1,876	1,876	735	775	817
Total Repairs and Maintenance	3,494	3,418	5,116	7,773	9,207	9,207	7,337	7,733	8,151

Table 43 MBRR SA35 –Depreciation of Assets

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Depreciation by Asset Class/Sub-class									
Infrastructure	23,410	31,483	7,000	32,000	32,000	32,000	31,350	31,534	33,329
Infrastructure - Road transport	-	-	-	-	-	-	27,493	27,607	29,071
Roads, Pavements & Bridges							23,034	23,185	24,534
Storm water							4,459	4,422	4,537
Infrastructure - Electricity	-	-	-	-	-	-	3,090	3,166	3,478
Generation							1,992	2,077	2,360
Transmission & Reticulation							1,099	1,090	1,118
Infrastructure - Other	23,410	31,483	7,000	32,000	32,000	32,000	767	761	780
Waste Management							767	761	780
Other	23,410	31,483	7,000	32,000	32,000	32,000			
Community	-	-	-	-	-	-	3,517	5,224	5,417
Cemeteries							3,517	5,224	5,417
Other assets	-	-	-	-	-	-	133	132	135
General vehicles							43	42	44
Computers - hardware/equipment							14	14	15
Furniture and other office equipment							16	16	17
Other Buildings							54	53	54
Other							6	6	6
Total Depreciation	23,410	31,483	7,000	32,000	32,000	32,000	35,000	36,890	38,882

Table 44 MBRR SA35 - Future financial implications of the capital budget

Vote Description	2014/15 Medium Term Revenue &			Forecasts			
	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Present value
Capital expenditure							
Vote 3 - Budget & Treasury	300	300	300	–	–	–	
Vote 4 - Corporate Services	1,900	2,045	2,144	2,260	2,382	2,511	
Vote 6 - Technical Services	69,890	93,880	88,145	92,905	97,922	103,209	
Vote 7 - Strategic Development	–	–	–				
Vote 8 - Development Planning	–	–	–	2,000	2,108	2,222	
Total Capital Expenditure	72,090	96,225	90,589	97,165	102,412	107,942	–
Future operational costs by vote							
Vote 3 - Budget & Treasury	5	5	6	6	6	7	
Vote 4 - Corporate Services	50	53	56	59	62	65	
Vote 6 - Technical Services	5,000	5,270	5,555	5,855	6,171	6,504	
Total future operational costs	5,055	5,328	5,616	5,919	6,239	6,625	–
Future revenue by source							
Service charges - electricity revenue	1,500	1,581	1,666	1,756	1,851	1,951	
Total future revenue	1,500	1,581	1,666	1,756	1,851	1,951	–
Net Financial Implications	75,645	99,972	94,538	101,327	106,799	112,616	–

Table 45 MBRR Table SA36–Capital project list

Municipal Vote/Capital project	Program/Project description	Asset Class	Asset Sub-Class	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			New or renewal
				Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
Corporate Services	Aircons	Other Assets	Other	–	200	250	264	278	Renewal
	Furniture	Other Assets	Furniture and other office equipment	–	450	500	527	555	Renewal
	Hardware and Software Devices	Other Assets	Computers - hardware/equipment	–	1,331	1,000	1,054	1,111	Renewal
Electricity	Other Equipment	Other Assets	Other	–	50	150	200	200	Renewal
	Cherry Picker - Electrical	Other Assets	General vehicles	–	600	–	700	–	Renewal
	Electrification of various villages	Infrastructure - Electricity	Transmission & Reticulation	–	–	–	8,000	–	New
	Installation of High Mast Lights Elandsdooren	Infrastructure - Electricity	Street Lighting	–	3,151	–	1,000	–	New
	Main & Kruger Substation Upgrade	Infrastructure - Electricity	Transmission & Reticulation	–	–	3,000	–	–	Renewal
	Crane Truck	Other Assets	Other	–	–	200	–	–	Renewal
	Main Substation	Infrastructure - Electricity	Transmission & Reticulation	–	–	–	–	4,000	Renewal
	Mini Subs	Infrastructure - Electricity	Transmission & Reticulation	–	1,000	650	650	700	Renewal
	Molet Liberty Phase 2	Infrastructure - Electricity	Transmission & Reticulation	–	1,650	–	–	–	New
	Smart Metering Project - Groblersdal	Infrastructure - Electricity	Transmission & Reticulation	–	–	500	500	500	Renewal
Finance Infrastructure	Tafelkop (HH electrification)(Dikgalaopeng 20, Ba Waalkraal RDP PH3	Infrastructure - Electricity	Transmission & Reticulation	–	2,245	–	–	–	New
		Infrastructure - Electricity	Transmission & Reticulation	–	6,105	–	–	–	New
	FMG - Capital Items	Other Assets	Computers - hardware/equipment	–	75	300	300	300	Renewal
	Building - main	Other Assets	Other Buildings	–	1,500	–	–	–	Renewal
	Cemetery - Elandsdooren	Community	Cemeteries	–	1,275	–	–	–	New
	Cemetery - Hlogotlou	Community	Cemeteries	–	1,275	–	–	–	New
	Construction of Speed Humps - Various Villages	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	500	1,500	2,000	Renewal
	Construction of Stormwater Channels	Infrastructure - Road transport	Storm water	–	–	1,500	1,500	2,000	New
	Fencing - Groblersdal Main Substation	Other Assets	Other Buildings	–	300	300	–	–	Renewal
	Groblersdal - Landfill Site	Infrastructure - Other	Waste Management	–	2,047	–	–	–	Renewal
	Kamaal Street - Groblersdal	Infrastructure - Road transport	Roads, Pavements & Bridges	–	3,500	4,500	4,000	4,000	Renewal
	Hlogotlou street and Storm water control	Infrastructure - Road transport	Storm water	–	4,000	–	8,000	10,000	New
	Kgaphamadi Upgrade	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	5,352	14,000	20,445	Renewal
	Laersdrift Bus Route	Infrastructure - Road transport	Roads, Pavements & Bridges	–	1,440	–	2,000	2,000	New
	Mathula Road	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	3,250	5,000	5,000	New
	Mogaung upgrade	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	3,250	5,000	5,000	Renewal
	Mosterlus to Makgopeng Phase 2	Infrastructure - Road transport	Roads, Pavements & Bridges	–	9,882	4,110	–	–	New
	Motema streets upgrade	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	6,061	2,780	–	New
	Molet A - Bus Route	Infrastructure - Road transport	Roads, Pavements & Bridges	–	11,396	4,000	–	–	New
	Mpheleng Construction of Bus Road	Infrastructure - Road transport	Roads, Pavements & Bridges	–	2,000	5,118	5,000	8,000	New
	Naganeng Bus Route	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	–	5,000	5,000	New
	Nyakelang Bus Route Phase 4	Infrastructure - Road transport	Roads, Pavements & Bridges	–	2,500	–	–	–	New
	Nyakelang Bus Route Phase 4	Infrastructure - Road transport	Roads, Pavements & Bridges	–	2,000	–	–	–	New
	Phuchukani Construction of Road	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	2,365	6,821	500	New
	Plant and Machinery	Other Assets	Plant & equipment	–	–	800	4,000	5,000	Renewal
	Roads to Magoshi - Mahlangu	Infrastructure - Road transport	Roads, Pavements & Bridges	–	8,070	–	–	–	New
	Roads to Magoshi - Rammupudu	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	5,425	–	–	New
	Roads to Magoshi - Mathebe	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	–	3,839	–	New
	Roads to Magoshi - Matsepe	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	–	3,591	–	New
	Roads to Magoshi - Matlala	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	5,425	–	–	New
	Roosenekal Roads & Streets	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	–	2,000	2,000	Renewal
	Tafelkop (Highmast Lights)	Infrastructure - Electricity	Street Lighting	–	–	2,000	4,000	–	New
	Tourism Centre	Other Assets	Other	–	300	600	–	–	New
	Walter Sisulu/Tambo Construction Bus/Taxi Road	Infrastructure - Road transport	Roads, Pavements & Bridges	–	2,000	5,500	5,000	7,000	New
	JJ Zaaiplaas Bus Route	Infrastructure - Road transport	Roads, Pavements & Bridges	–	–	5,485	–	5,000	New
Planning and LED	Game farm Development	Community	Buildings	–	1,500	–	–	–	Renewal
Parent Capital expenditure				–	71,842	72,090	96,225	90,589	

2.9 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed three interns undergoing training in various divisions of the Financial Services Department. Before the appointment of three interns, five interns were appointed and four of them have been appointment in permanent positions (in November 2013) and the other one got employment opportunity outside Elias Motsoaledi Local Municipality. The municipality is a process of appointing additional two interns of which the positions were advertised on 30th March 2014.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2014/15 MTREF in May 2014 directly aligned and informed by the 2014/15 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.